

Name of Recipient _____

Copy Number _____

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

dated March 31, 2020

of

WHITEBOX RELATIVE VALUE FUND, LP (A Delaware Limited Partnership)

This Confidential Private Placement Memorandum (this “Memorandum”) is provided to you on a confidential basis solely in connection with your consideration of an investment in limited partnership interests (the “Interests”) of Whitebox Relative Value Fund, LP, a Delaware limited partnership (the “Fund”). *This Memorandum may not be reproduced in whole or in part without the prior written consent of the Fund’s general partner, Whitebox General Partner LLC (the “General Partner”), an affiliate of Whitebox Advisors LLC (“Whitebox”). This Memorandum supersedes and replaces all previous versions of the Fund’s Confidential Private Placement Memorandum.*

THE INTERESTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE. THE INTERESTS ARE BEING OFFERED PURSUANT TO EXEMPTIONS PROVIDED BY SECTION 4(A)(2) OF THE SECURITIES ACT, REGULATION D THEREUNDER, CERTAIN STATE SECURITIES LAWS AND CERTAIN RULES PROMULGATED PURSUANT THERETO. THE INTERESTS MAY NOT BE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS OR (UNLESS WAIVED BY THE GENERAL PARTNER IN ITS SOLE DISCRETION) AN OPINION OF COUNSEL ACCEPTABLE TO THE GENERAL PARTNER THAT SUCH REGISTRATION IS NOT REQUIRED. TRANSFERABILITY OF THE INTERESTS IS FURTHER RESTRICTED BY THE TERMS OF THE FUND’S PARTNERSHIP AGREEMENT. THE INTERESTS HAVE NOT BEEN RECOMMENDED OR APPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Any inquiries should be directed to the Fund’s General Partner or Administrator:

General Partner

**Whitebox General Partner LLC
3033 Excelsior Blvd, Suite 500
Minneapolis, Minnesota 55416
(612) 253-6001**

Administrator

**HedgeServ (Cayman) Limited
c/o HedgeServ Corporation
4 Times Square, 8th Floor
New York, New York 10036**

THE INTERESTS OFFERED HEREBY INVOLVE A HIGH DEGREE OF RISK. SEE “INVESTMENT OBJECTIVES AND STRATEGIES,” “OTHER RISK FACTORS” AND “POTENTIAL CONFLICTS OF INTEREST.” PURCHASES OF INTERESTS ARE SUITABLE ONLY FOR PERSONS OF SUBSTANTIAL FINANCIAL MEANS WHO CAN MAKE A LONG TERM INVESTMENT, CAN BEAR THE RISK OF LOSS IN THEIR ENTIRE INVESTMENTS IN THE FUND AND HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT. THERE IS NO MARKET FOR THE INTERESTS AND NONE IS

EXPECTED TO DEVELOP. THE GENERAL PARTNER RESERVES THE RIGHT TO REJECT THE SUBSCRIPTION OF ANY PROSPECTIVE INVESTOR FOR ANY REASON.

A PROSPECTIVE INVESTOR, BY ACCEPTING DELIVERY OF THIS MEMORANDUM, AGREES PROMPTLY TO RETURN TO THE FUND OR THE GENERAL PARTNER THIS MEMORANDUM AND ANY OTHER DOCUMENTS OR INFORMATION FURNISHED IF THE PROSPECTIVE INVESTOR ELECTS NOT TO PURCHASE ANY OF THE INTERESTS OFFERED HEREBY.

PURSUANT TO AN EXEMPTION UNDER COMMODITY FUTURES TRADING COMMISSION ("CFTC") REGULATIONS, NEITHER WHITEBOX NOR THE GENERAL PARTNER ARE REQUIRED TO REGISTER, AND ARE NOT REGISTERED, WITH THE CFTC AS A COMMODITY POOL OPERATOR ("CPO"). AS A RESULT, UNLIKE A REGISTERED CPO, WHITEBOX AND THE GENERAL PARTNER WILL NOT BE REQUIRED TO DELIVER A DISCLOSURE DOCUMENT (CONTAINING CERTAIN CFTC PRESCRIBED DISCLOSURE) AND A CERTIFIED ANNUAL REPORT TO THE FUND'S INVESTORS. THE CFTC HAS NOT REVIEWED OR APPROVED THIS OFFERING OR ANY DISCLOSURE DOCUMENTS FOR THE FUND.

WHITEBOX'S AND THE GENERAL PARTNER'S ELIGIBILITY FOR SUCH REGISTRATION EXEMPTION IS SET FORTH IN SECTION 4.13(a)(3) OF THE CFTC'S REGULATIONS AND IS BASED ON THE FACT THAT (I) THE OFFER AND SALE OF THE FUND'S INTERESTS ARE EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED; (II) EITHER (A) THE AGGREGATE VALUE OF THE FUND'S INITIAL MARGIN AND PREMIUMS FOR ITS COMMODITY INTEREST POSITIONS WILL NOT EXCEED 5% OF THE FUND'S LIQUIDATION VALUE OR (B) THE AGGREGATE NOTIONAL VALUE OF SUCH POSITIONS WILL NOT EXCEED 100% OF THE FUND'S LIQUIDATION VALUE; AND (III) PARTICIPANTS IN THE FUND ARE LIMITED TO "ACCREDITED INVESTORS", "KNOWLEDGEABLE EMPLOYEES", CERTAIN FAMILY TRUSTS AND "QUALIFIED ELIGIBLE PERSONS".

EXCEPT AS OTHERWISE INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE HEREOF. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE FUND AFTER THE DATE HEREOF.

THIS MEMORANDUM CONTAINS SUMMARIES BELIEVED BY THE FUND AND THE GENERAL PARTNER TO BE ACCURATE WITH RESPECT TO THE CONTENTS OF CERTAIN DOCUMENTS, BUT INVESTORS SHOULD REFER TO THE ACTUAL DOCUMENTS (COPIES OF WHICH EITHER ACCOMPANY THIS MEMORANDUM OR ARE AVAILABLE FROM THE GENERAL PARTNER UPON REQUEST) FOR COMPLETE INFORMATION CONCERNING THE TERMS THEREOF, AND ALL SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY THE CONTENTS OF SUCH DOCUMENTS.

NONE OF THE FUND'S PRIME BROKERS HAVE ANY RESPONSIBILITY FOR THE PREPARATION OR ACCURACY OF THIS MEMORANDUM.

NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE INTENDED OR SHOULD BE INFERRED WITH RESPECT TO THE ECONOMIC RETURN OR THE TAX CONSEQUENCES FROM AN INVESTMENT IN THE FUND. NO ASSURANCE CAN BE GIVEN THAT EXISTING LAWS WILL NOT BE CHANGED OR INTERPRETED ADVERSELY TO THE FUND OR THE LIMITED PARTNERS. PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THIS MEMORANDUM AS LEGAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH ITS OWN COUNSEL AND ACCOUNTANT FOR ADVICE CONCERNING THE VARIOUS LEGAL, TAX AND ECONOMIC CONSIDERATIONS RELATING TO THE PROSPECTIVE INVESTMENT. THE FUND AND THE GENERAL PARTNER DISCLAIM ANY AND ALL LIABILITIES FOR REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, CONTAINED IN, OR OMISSIONS FROM, THIS

MEMORANDUM OR ANY OTHER WRITTEN OR ORAL COMMUNICATION TRANSMITTED OR MADE AVAILABLE TO THE RECIPIENT.

THE FUND SHALL MAKE AVAILABLE TO EACH PROSPECTIVE INVESTOR OR ITS INVESTMENT REPRESENTATIVE, DURING THIS OFFERING AND PRIOR TO THE SALE OF ANY INTERESTS, THE OPPORTUNITY TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM THE GENERAL PARTNER OR ITS REPRESENTATIVE CONCERNING ANY ASPECT OF THE FUND AND ITS PROPOSED BUSINESS AND TO OBTAIN ANY ADDITIONAL RELATED INFORMATION TO THE EXTENT THE GENERAL PARTNER POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORT OR EXPENSE.

THIS MEMORANDUM DOES NOT PURPORT TO BE ALL-INCLUSIVE OR TO CONTAIN ALL THE INFORMATION THAT A PROSPECTIVE INVESTOR MAY DESIRE IN INVESTING IN THE FUND. IN MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE FUND AND THE TERMS OF THE OFFERING MADE HEREBY, INCLUDING THE MERITS AND RISKS INVOLVED. PROSPECTIVE INVESTORS ARE URGED TO REQUEST ANY ADDITIONAL INFORMATION THEY MAY CONSIDER NECESSARY IN MAKING AN INFORMED INVESTMENT DECISION. EACH PROSPECTIVE INVESTOR IS INVITED, PRIOR TO THE CONSUMMATION OF A SALE OF ANY INTERESTS IN THE FUND TO SUCH AN INVESTOR, TO ASK QUESTIONS OF, AND TO SEEK ADDITIONAL INFORMATION FROM, THE GENERAL PARTNER CONCERNING THE FUND AND THIS OFFERING. A PROSPECTIVE INVESTOR SHOULD NOT SUBSCRIBE FOR THE INTERESTS UNLESS SATISFIED THAT IT AND ITS INVESTMENT REPRESENTATIVE (IF ANY) HAVE ASKED FOR AND RECEIVED ALL INFORMATION WHICH WOULD ENABLE THEM TO EVALUATE THE MERITS AND RISKS OF THE PROPOSED INVESTMENT.

NO PERSON OTHER THAN THE GENERAL PARTNER HAS BEEN AUTHORIZED TO MAKE REPRESENTATIONS, OR GIVE ANY INFORMATION, WITH RESPECT TO THE INTERESTS, EXCEPT THE INFORMATION CONTAINED HEREIN, AND ANY INFORMATION OR REPRESENTATION NOT CONTAINED HEREIN OR OTHERWISE SUPPLIED BY THE GENERAL PARTNER MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FUND OR ANY OF ITS PARTNERS.

THIS OFFERING MAY BE WITHDRAWN AT ANY TIME BEFORE A CLOSING AND IS SPECIFICALLY MADE SUBJECT TO THE TERMS DESCRIBED HEREIN. THE GENERAL PARTNER RESERVES THE RIGHT TO REJECT ANY SUBSCRIPTION, IN WHOLE OR IN PART, OR TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE AMOUNT OF INTERESTS SUBSCRIBED FOR BY SUCH PROSPECTIVE INVESTOR.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, (A) BY ANYONE IN ANY STATE OR JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH AN OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR (B) TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION.

IT IS THE RESPONSIBILITY OF ANY INVESTOR PURCHASING INTERESTS TO SATISFY ITSELF AS TO FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT TERRITORY OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY SUCH PURCHASE, INCLUDING OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE REQUIREMENTS.

NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, EACH INVESTOR (AND EACH EMPLOYEE, REPRESENTATIVE, OR OTHER AGENT OF THE INVESTOR) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE TAX TREATMENT AND TAX STRUCTURE OF AN INVESTMENT IN THE FUND AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTOR RELATING TO SUCH TAX TREATMENT AND TAX STRUCTURE.

TABLE OF CONTENTS

| | |
|--|----|
| <u>FUND DIRECTORY</u> | 6 |
| <u>SUMMARY OF PRINCIPAL TERMS</u> | 8 |
| <u>INVESTMENT OBJECTIVES AND STRATEGIES</u> | 21 |
| <u>SPECIAL CONSIDERATIONS AND RISK FACTORS</u> | 23 |
| <u>BROKERAGE AND PORTFOLIO TRANSACTIONS</u> | 38 |
| <u>FEES AND EXPENSES</u> | 40 |
| <u>WITHDRAWALS</u> | 41 |
| <u>CROSS TRANSACTIONS</u> | 41 |
| <u>POTENTIAL CONFLICTS OF INTEREST</u> | 41 |
| <u>OVERSIGHT COMMITTEE</u> | 44 |
| <u>MANAGEMENT OF THE FUND</u> | 47 |
| <u>CAPITAL ACCOUNTS; ALLOCATIONS</u> | 52 |
| <u>DESCRIPTION OF INTERESTS</u> | 52 |
| <u>PURCHASE OF NEW ISSUES</u> | 52 |
| <u>DETERMINATION OF NET ASSET VALUE</u> | 53 |
| <u>SUBSCRIPTION TERMS AND PROCEDURES</u> | 54 |
| <u>INVESTOR SUITABILITY STANDARDS</u> | 54 |
| <u>INVESTMENTS BY EMPLOYEE BENEFIT PLANS</u> | 56 |
| <u>UNITED STATES INCOME TAX CONSIDERATIONS</u> | 59 |
| <u>ANTI-MONEY LAUNDERING REGULATIONS</u> | 65 |
| <u>APPENDIX A</u> | 67 |

FUND DIRECTORY

| | |
|----------------------------|--|
| The Fund | Whitebox Relative Value Fund, LP c/o Whitebox General Partner LLC 3033 Excelsior Blvd, Suite 500 Minneapolis, Minnesota 55416 |
| The General Partner | Whitebox General Partner LLC 3033 Excelsior Blvd, Suite 500 Minneapolis, Minnesota 55416 |
| Whitebox | Whitebox Advisors LLC 3033 Excelsior Blvd, Suite 500 Minneapolis, Minnesota 55416 |
| The Administrator | HedgeServ (Cayman) Limited c/o HedgeServ Corporation 4 Times Square, 8 th Floor New York, New York 10036 |
| The Master Fund | Whitebox Relative Value Partners, L.P. c/o Mourant Governance Services (Cayman) Limited 94 Solaris Avenue, Camana Bay PO Box 1348 Grand Cayman, KY1-1108 Cayman Islands |
| The Offshore Fund | Whitebox Relative Value Fund, Ltd. c/o Mourant Governance Services (Cayman) Limited 94 Solaris Avenue, Camana Bay PO Box 1348 Grand Cayman, KY1-1108 Cayman Islands |
| Prime Brokers | Merrill Lynch Professional Clearing Corp. 222 Broadway, 6th Floor New York, New York 10038 BNP Paribas Prime Brokerage, Inc. 787 7th Avenue New York, New York 10019 Deutsche Bank Securities Inc. 60 Wall Street New York, New York 10005 J.P. Morgan Clearing Corp 383 Madison Avenue New York, New York 10179 UBS Securities LLC 1285 Avenue of the Americas New York, New York 10019 |

| | |
|----------------------|---|
| | Wells Fargo Securities, LLC 640 Fifth Avenue, 7 th Floor New York, New York 10019 |
| Custodians | U.S. Bank National Association 100 Wall Street, 19 th Floor New York, New York 10005 |
| | Wells Fargo Bank, N.A. 608 2 nd Avenue South Minneapolis, Minnesota 55479 |
| The Bank | U.S. Bank National Association U.S. Bancorp Center 800 Nicollet Mall Minneapolis, Minnesota 55402 |
| Auditor | Ernst & Young Ernst & Young Building Harcourt Centre Harcourt Street Dublin 2 Ireland |
| Legal Counsel | Seward & Kissel LLP (<i>US legal counsel</i>) One Battery Park Plaza New York, New York 10004 |
| | Mourant Ozannes (<i>Cayman Islands legal counsel</i>) 94 Solaris Avenue, Camana Bay PO Box 1348 Cayman Islands |

SUMMARY OF PRINCIPAL TERMS

The following is a summary of principal terms of the Fund and of the offering. This summary is qualified by reference to the other provisions of this Memorandum and the Fund's Limited Partnership Agreement in the form that accompanies this Memorandum (the "Partnership Agreement"). All capitalized terms used herein and not defined herein are as defined in the Partnership Agreement.

The Fund

The Fund

Whitebox Relative Value Fund, LP, a Delaware limited partnership (the "Fund"), has been organized as a limited partnership under the laws of the State of Delaware as a private investment company. The Fund is governed by its Partnership Agreement, copies of which are available from the Administrator (as defined below).

The Master Fund

Whitebox Relative Value Partners, L.P. (the "Master Fund") was formed as a British Virgin Islands limited partnership and, in March 2020, was re-registered by way of continuation as a Cayman Islands exempted limited partnership. As more fully set forth in this Memorandum, the Fund will invest all of its investable assets (to the extent not retained in cash or cash equivalents) exclusively in the Master Fund. Whitebox Relative Value Fund, Ltd. was organized as a British Virgin Islands business company and, in March 2020 was re-registered by way of continuation as a Cayman Islands exempted company (the "Offshore Fund" and together with the Fund and the Master Fund, the "Funds"), which was established principally for non-U.S. and U.S. tax exempt investors, and also will invest all of its investable assets (to the extent not retained in cash or cash equivalents) exclusively in the Master Fund.

Unless otherwise indicated or the context so requires, references herein to the "Fund" include both the Fund and the Master Fund, including references to the investment program and other activities of the Fund.

Investment Objectives and Strategies

The Fund's and Offshore Fund's investment objective is to seek superior capital appreciation. The Master Fund pursues this investment objective through the construction of an investment portfolio comprised of a variety of proprietary investment strategies. Each of the principal investment strategies employed in furtherance of the investment objective are generally designed to capture alpha from systematic inefficiencies and idiosyncratic opportunities across asset classes and market cycles. The Master Fund utilizes a combination of proprietary research and fundamental analysis to identify mispricings and other opportunities.

The investment strategies described in this Memorandum are those that are currently employed by the Master Fund, although they may change in the future and new ones may be developed. Accordingly, there is no limitation on the positions that the Master Fund may acquire, the instruments it may trade, the markets in which it may trade, or strategies that it may employ.

As with any investment, there can be no assurance that the investment objectives will be achieved or that an investor will not lose a portion or all of its investment in the Fund. The Fund is designed for investors who do not require current liquidity. See “INVESTMENT OBJECTIVES AND STRATEGIES.”

Interests

The Fund is offering one series of limited partnership interests (“Interests”) pursuant to this Memorandum. The General Partner (as defined below), in its sole discretion, may issue additional classes, sub-classes, series or sub-series of Interests at any time; provided that such additional classes, sub-classes, series and sub-series invest in the same assets and have the same liquidity as the other classes, sub-classes, series and sub-series of the Fund.

Governance

Pursuant to the Partnership Agreement, the General Partner has selected a committee of four persons to serve as an “Oversight Committee.” The members of the Oversight Committee are William Harris and Calum McKenzie of Hatstone Trust Company Limited, George Bashforth of Crestbridge Cayman Limited and Richard Gordon of Estera Trust (Cayman) Limited, none of whom is affiliated with the General Partner. The members of the Oversight Committee also serve as members of a similar oversight committee for the Master Fund and on the board of directors or similar governing body or oversight committee for any other feeder fund that invests substantially all of its assets into the Master Fund. Each Oversight Committee member shall serve until his or her resignation, termination or replacement. The Oversight Committee generally meets quarterly or at such other times as may be necessary or desirable. In addition to such oversight, certain actions described below under the heading “Oversight Committee” require the approval, consent or ratification of a majority of the then-serving members of the Oversight Committee.

Management

General Partner

The general partner of the Fund and the Master Fund is Whitebox General Partner LLC, a Delaware limited liability company (the “General Partner”). The General Partner is an affiliate of Whitebox Advisors LLC, a Delaware limited liability company (“Whitebox”).

Investment Manager

Whitebox serves as the investment manager of the Fund and the Master Fund. Whitebox is registered as an investment adviser with the Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended. The address of the General Partner, Whitebox and the Fund is 3033 Excelsior Blvd, Suite 500, Minneapolis, Minnesota 55416; Telephone: (612) 253-6001; Fax: (612) 253-6100.

Whitebox receives research, trading support services and other investment services from Whitebox Advisors Australia Pty. Ltd. and Whitebox Advisors London, LLP, each of which is wholly owned, or

majority-owned, respectively, by Whitebox. No additional fees will be charged to the Fund in connection with these services.

Whitebox and the General Partner are owned by Robert Vogel, Paul Twitchell, Paul Roos, Jacob Mercer and Mark Strefling. Dyal Capital Partners II (A), LP and Dyal Capital Partners II (B), LP (together, the “Dyal Fund”), a private fund managed by an affiliate of Neuberger Berman, holds minority equity interests in each of Whitebox and the General Partner. The Dyal Fund is not involved in the day-to-day management of Whitebox or the General Partner and has no control over the investment decisions of the Fund. However, the business services platform affiliated with the Dyal Fund may provide various consulting services to Whitebox, including business development, talent management, and operational and business best practices consultation. While certain investors in the Dyal Fund may also be investors in the Fund, confidentiality obligations applicable to the Dyal Fund preclude the dissemination of certain confidential information relating to Whitebox, the General Partner or the Fund to such investors.

Investment Committee

The investment committee of Whitebox (the “Investment Committee”) is comprised of senior personnel of Whitebox and meets on a periodic basis (generally bi-weekly). The Investment Committee evaluates investment opportunities and idea generation, performs comprehensive risk management reviews and monitors allocations of capital, investment guidelines and compliance with established risk thresholds. The Investment Committee meetings are a primary forum for the discussion of market opportunities and risks and the generation and evaluation of investment ideas. The agenda topics will normally include items such as the following: (i) review investment performance; (ii) review allocation schemes; (iii) risk management review; (iv) investment opportunities and idea generation; (v) discuss relevant regulatory changes; and (vi) discuss strategy outlook and views on market conditions.

Key Person Event

The General Partner will provide the limited partners of the Fund (the “Limited Partners”, and each a “Limited Partner”) with prompt written notice in the event that either of Messrs. Vogel or Twitchell are no longer actively involved in the business of Whitebox (a “Key Person Event”). Following the provision of such notice, each Limited Partner shall have 30 days to notify the General Partner of its desire to withdraw all, but not less than all, of its Interests on the terms described below (a “Key Person Withdrawal”). Key Person Withdrawals will be effective as of the next Withdrawal Day that is at least 45 days following the occurrence of the Key Person Event.

The Oversight Committee, in consultation with the General Partner, may at its election effect Key Person Withdrawals by establishing a liquidating trust (or similar special purpose vehicle) to receive a distribution or allocation of securities in kind (equivalent in net asset value as of the withdrawal date of Interests being withdrawn), which would be liquidated in an orderly manner by the General Partner for

the benefit of withdrawing Limited Partners. Proceeds of such liquidation would, under normal market conditions, be distributed within 6 months of the effective date of the Key Person Withdrawal. See “Management of the Fund—Key Person Event” below.

Service Providers to the Fund

Administrator

The Fund has entered into an administration agreement (the “Administration Agreement”) with HedgeServ (Cayman) Limited (the “Administrator”). The Administrator is currently responsible for, among other things (i) calculating the Fund’s net asset value (“NAV”) in accordance with the Fund’s valuation policies; (ii) maintaining the Fund’s books and records; (iii) preparing the Fund’s financial statements; (iv) processing subscriptions and withdrawals; (v) maintaining the Fund’s Partner register; (vi) independent treasury and collateral management services and (vii) other accounting and administration services as agreed from time to time.

Prime Brokers/Custodians

The institutions listed above under “FUND DIRECTORY” have been designated as the Master Fund’s prime brokers (the “Prime Brokers”) and/or custodians (the “Custodians”). The Prime Brokers and Custodians provide various services to the Master Fund and Whitebox, including consolidation of all trading activities into single accounts with all trades clearing and settling at the Prime Brokers, and centralized custody of Master Fund assets with the Custodians. The Prime Brokers may also provide financing in connection with the Master Fund’s transactions. Whitebox may designate other executing or clearing brokers or additional or successor prime brokerage or custodial firms to perform these functions on behalf of the Master Fund.

Selling Agents; Commissions

Selling agents may be engaged to refer prospective Fund investors to Whitebox (the “Selling Agents”). In connection with successful referrals, the Selling Agents may be compensated by Whitebox out of the fees and other compensation earned by Whitebox. No selling commissions will be charged to investors, and the Fund will not pay any compensation to Selling Agents. Certain Selling Agents may be affiliated with brokers effecting transactions for the Master Fund.

Banking

The Fund maintains a bank account with U.S. Bank National Association, Minneapolis, Minnesota (the “Bank”), for the receipt of subscription funds and the payment of withdrawal proceeds.

Auditor

Ernst & Young, Dublin, Ireland, has been appointed as the auditor of the Fund.

Legal Counsel

Seward & Kissel LLP, New York, New York, advises the General Partner and Whitebox on various matters of U.S. law relating to the Fund.

Mourant Ozannes advises Whitebox, the General Partner and the Oversight Committee regarding various matters of Cayman Islands law relating to the Fund.

No separate counsel has been retained to act on behalf of the investors in the Fund.

Offering of the Interests

Continuous Offering Period; Eligible Investors

Interests are offered on a continuous basis in accordance with Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”), and Rule 506 of Regulation D thereunder solely to persons that are “accredited investors” under Regulation D. Each investor must also be a “qualified purchaser” (“QP”) as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), or a “knowledgeable employee” (as defined in Rule 3c-5 under the Investment Company Act). In general, in order for an investor who is an individual to be a QP, the investor must have an investment portfolio of at least \$5 million. In the case of a corporation, partnership or other entity, it must have an investment portfolio of at least \$25 million in investments to be a QP. The subscription agreement (the “Subscription Agreement”) sets forth the definition of each of these terms.

Offering of Interests; Minimum Capital Contributions

The Fund expects to offer and sell Interests for purchase as of the first Business Day of each month or at such other times as the Oversight Committee, in consultation with the General Partner, may permit. The minimum initial capital contribution per subscriber is \$5 million, although the Oversight Committee, in consultation with the General Partner, may permit subscribers to make an initial capital contribution of less than \$5 million. Existing Limited Partners may generally make additional capital contributions on a monthly basis (or at other times as determined by the Oversight Committee, in consultation with the General Partner) in amounts of not less than \$500,000.

A “Business Day” is any day other than Saturday or Sunday on which banks are open for business in New York City.

Capital Contributions of the General Partner

The General Partner may, but will not be required to, make or maintain any contribution to the Fund’s capital.

Subscription Procedure

Investors may subscribe for Interests by completing and submitting to the Administrator the Subscription Agreement that accompanies this Memorandum. Subscription payments should be remitted as described in the Subscription Agreement. Upon the acceptance by the General Partner of an investor’s first subscription for Interests, such investor will become a Limited Partner (and together with the General Partner, the “Partners”). Each investor will be required to make a capital contribution in the amount of its total subscription upon its admission as a Limited Partner.

In order for the investor's investment to become effective as of the date intended by the investor, the investment and completed Subscription Agreement must be received sufficiently in advance of the intended effective date to process the subscription and the Subscription Agreement. The subscription payments will be held in the subscription account maintained at the Bank until such time as such subscription is accepted or rejected by the General Partner. No interest is payable on subscription monies received.

The General Partner may, in its sole discretion, reject any subscription in whole or in part, for any or no reason, and may terminate this offering at any time.

Minimum/ Maximum to be Raised

There is no minimum or maximum amount of capital to be raised in this continuous offering.

Fees and Other Expenses

Management Fees

The Fund pays Whitebox a monthly management fee (the "Management Fee") equal to 1.5% per annum of the capital account ("Capital Account") balance of each Limited Partner on the first Business Day of each month, including any capital contributions on such date. The Management Fee will be prorated for periods shorter than a full calendar month.

The Management Fee is currently paid at the Fund level, and to such extent, the Fund will not be charged a Management Fee at the Master Fund level.

The Oversight Committee, in consultation with the General Partner, may assess a higher or lower Management Fee or waive the Management Fee in its entirety with respect to investments made by certain Limited Partners, including without limitation employees and affiliates of the General Partner.

Incentive Allocation

At the end of each Incentive Period, which generally occurs at the end of each calendar year and upon the withdrawal of all or any portion of its Capital Account (each an "Incentive Period"), the General Partner is allocated 20% of the Net Increase attributable to such Capital Account for such Incentive Period, and subject to a net loss recovery account ("Loss Recovery Account," commonly referred to as a "high water mark") under which a Net Decrease attributable to such Limited Partner's Capital Account must first be offset by a Net Increase earned in ensuing Incentive Periods (the "Incentive Allocation").

If a Limited Partner withdraws any portion of its Capital Account to which a Loss Recovery Account applies, the balance of such Loss Recovery Account will be proportionately reduced by the amount of the withdrawal. Because Loss Recovery Accounts are specific to each Limited Partner, additional Capital Contributions to the Fund by other

Limited Partners will not affect any Limited Partner's Loss Recovery Account.

The Incentive Allocation is currently made at the Master Fund level, and to such extent, the Fund will not pay an incentive fee or allocation at the Fund level.

The Oversight Committee, in consultation with the General Partner, may assess a higher or lower incentive allocation, or waive the Incentive Allocation entirely, with respect to certain Limited Partners, including without limitation employees and affiliates of the General Partner. To the extent the General Partner was to assess a higher or lower incentive allocation, such adjustment will be made by adjusting the Incentive Allocation at the Master Fund level.

Administrator's Fee

The Fund pays the Administrator an administration fee based on a sliding scale basis point fee calculated on the Fund's assets plus out-of-pocket expenses, subject to a monthly minimum.

Fund Operating Expenses

The Fund bears all of its operating and other expenses as well as its proportionate share of expenses of the Master Fund (into which all investable Fund assets are invested). For a more detailed description of the Fund's fees and expenses, please refer to "FEES AND EXPENSES."

The General Partner and Whitebox are entitled to prompt reimbursement out of Fund or the Master Fund assets for any of such expenses it incurs on the Fund's or the Master Fund's behalf.

Net Asset Value

The NAV of the Fund is equivalent to its assets less its liabilities as of any date of determination, computed in accordance with generally accepted accounting principles as applied in the United States ("GAAP"), except as described in this Memorandum. To the extent feasible, expenses, fees and other liabilities will be accrued in accordance with GAAP, except as described in this Memorandum.

The Fund has delegated to the Administrator the calculation of the Fund's NAV. The Fund's NAV is determined by the Administrator as of the last Business Day of each calendar month, more frequently in the event of Interests being purchased on a date other than the first Business Day of a month, or such other days as may be determined by the valuation committee of Whitebox (the "Valuation Committee"), in consultation with the Oversight Committee. The Valuation Committee has primary responsibility for determining whether appropriate valuation methods are consistently applied to determine the fair value of all securities and other assets. In determining the pricing of investments and the calculation of NAV, the Administrator will follow the valuation policies and procedures adopted by the Valuation Committee under the supervision of the Oversight Committee. Independent valuation agents (each, a "Valuation Consultant") are selected by the Valuation Committee to provide certain independent

valuation and verification services as determined by the Valuation Committee. In those situations where the Valuation Committee determines that it is reasonable and necessary to engage one or more Valuation Consultants with respect to an illiquid security or difficult to value security (i.e., ASC 820 “level three” securities) and the Valuation Consultants provide a range of potential values (high and low) for such security, the Valuation Consultants will provide the Valuation Committee and the Administrator with what they believe to be an accurate range, at which point the Valuation Committee and the Administrator will utilize the mid-price between high and low valuations as the final assigned price. The value as determined by the Valuation Consultant shall control. The Valuation Committee may replace the Valuation Consultants at any time without notice to the Limited Partners.

Withdrawals and Transfers

Withdrawals

Subject to the limitations set forth below under “Limitations on Withdrawals” and “Withdrawal Fee,” a Limited Partner may withdraw all or any portion of its capital from its Capital Account as of the last Business Day of each calendar quarter (a “Withdrawal Day”) on 60 days’ prior written notice to the Administrator and provided that such notice has been received by the Administrator. The Oversight Committee, in consultation with the General Partner, may in its discretion allow withdrawals at any other time or on shorter notice.

No Limited Partner may effect a withdrawal, other than a complete withdrawal, which reduces a Limited Partner’s Capital Account balance below the minimum initial capital contribution amount. However, the Oversight Committee, in consultation with the General Partner, may waive minimum Capital Account balances with respect to certain Limited Partners or under certain circumstances. The Oversight Committee, in consultation with the General Partner, may establish minimum withdrawal amounts for Limited Partners from time to time.

Limitations on Withdrawals

In the event that aggregate withdrawal requests from Limited Partners in the Fund exceed 25% of the Fund’s NAV on any Withdrawal Day and the aggregate withdrawal requests and redemption requests at the Master Fund exceed 25% of the Master Fund’s NAV on that Withdrawal Day, the Oversight Committee, in consultation with the General Partner, may reduce all withdrawal requests (other than Key Person Withdrawals) by such Limited Partners on a pro rata basis such that only 25% of the Fund’s NAV is withdrawn by such Limited Partners on the Withdrawal Day. Notwithstanding the foregoing, in the event a Limited Partner submits a withdrawal request for a complete withdrawal and such request is reduced over six consecutive Withdrawal Days because aggregate withdrawal requests exceed 25% of the Fund’s NAV on each respective Withdrawal Day, then on the next (seventh) consecutive Withdrawal Day, the portion of such unfulfilled withdrawal request shall be satisfied in full even if aggregate withdrawal requests

exceed 25% of the Fund's NAV, except in the case of the Fund's liquidation or suspension of withdrawals or payment of withdrawals.

The Oversight Committee, in consultation with the General Partner, can temporarily suspend the right to withdraw or the payment of withdrawal proceeds (i) during any period when any stock exchange or over-the-counter market on which any of the Master Fund's investment are quoted, held, traded or dealt in is closed, other than for ordinary holidays and weekends, or during any period in which dealings are restricted or suspended; (ii) during the existence of any state of affairs which, in the opinion of the General Partner, constitutes an emergency as a result of which disposal of investments by the Master Fund would not be reasonably practicable or would be seriously prejudicial to the Partners; (iii) during any breakdown in the means of communication normally employed in determining the price or value of any of the Fund's or the Master Fund's assets or liabilities, or of current prices in any stock market, or when for any other reason the prices or values of any assets or liabilities of the Fund or the Master Fund cannot reasonably be promptly and accurately ascertained; (iv) during any period when the transfer of funds involved in the realization or acquisition of any investments cannot, in the opinion of the General Partner, be effected at normal rates of exchange; (v) during any period when the calculation of NAV is suspended; or (vi) during any period when withdrawals and/or the calculation of NAV are suspended by the Master Fund. The General Partner will not offer Interests in the Fund when withdrawals are suspended.

Capital not withdrawn from the Fund by virtue of the foregoing suspension provision will remain at risk in the Fund and shall continue to be treated for all purposes under the Partnership Agreement as if no withdrawal requests relating thereto had been submitted. Generally, if a Limited Partner wishes to withdraw such amount at a future Withdrawal Day, a new withdrawal request must be supplied in writing to the Administrator.

Additional restrictions may be placed on withdrawals. Please review the Partnership Agreement carefully before investing.

Withdrawal Fee

Limited Partners may withdraw up to 50% of their aggregate balance in their Capital Account in the Fund and the value of their shares in the Offshore Fund on any Withdrawal Day without the imposition of a withdrawal fee by the Fund. Withdrawal amounts (other than Key Person Withdrawals) in excess of such 50% limit (the "Excess Amount") will be subject to a withdrawal fee of 4% of the Excess Amount (subject to waiver or reduction in the discretion of the Oversight Committee, in consultation with the General Partner). Any withdrawal fees assessed will be paid to the Fund (or deducted from withdrawal proceeds) and shared among all Partners proportionately based on their respective Capital Account balances following such withdrawals.

If a Limited Partner withdraws at least 50% of its aggregate balance in their Capital Account in the Fund and the value of their shares in the Offshore Fund on a Withdrawal Day, a withdrawal of any amount (including a complete withdrawal) as of the immediately ensuing Withdrawal Day may be effected without the imposition of a withdrawal fee. For the avoidance of doubt, a Limited Partner desiring to completely withdraw without the imposition of the 4% withdrawal fee may do so by (i) withdrawing 50% of its Capital Account on any Withdrawal Day, and (ii) requesting to withdraw the remainder of its Capital Account as of the immediately ensuing Withdrawal Day.

Payment of Withdrawal Proceeds

The Fund generally pays withdrawal proceeds within five Business Days following the Withdrawal Day. However, if a Limited Partner requests to withdraw 95% or more of such Limited Partner's Capital Account balance on any Withdrawal Day, an amount equal to at least 95% of the estimated NAV of such Limited Partner's Capital Account balance will be paid within five Business Days of the Withdrawal Day and the remaining portion following final reconciliation and completion of the Fund's NAV corresponding with such Withdrawal Day. The Oversight Committee, in consultation with the General Partner, may elect to pay withdrawal proceeds, in whole or any part, in kind out of the assets of the Fund.

Transferability

Interests may be transferred only with the approval of the Oversight Committee and the General Partner's consent, which may be withheld in its discretion. Transfers will normally be approved if the proposed transferee executes a document containing the information set forth in the Subscription Agreement and the Limited Partner transferring the Interest and the proposed transferee acquiring the Interest supply to the Fund such representations, certificates, legal opinions and other documents and instruments as the General Partner may request.

While transfer of the Interests is restricted and there is no trading market for the Interests and none is expected to develop, Limited Partners have the right to periodically withdraw all or any portion of their Capital Account as described above.

Compulsory Withdrawal

For any reason (with or without cause) the General Partner, in consultation with the Oversight Committee, may require a total or partial withdrawal of a Limited Partner's Interest in the Fund. It is expected that such compulsory withdrawal will only be required where Interests may have been acquired in contravention of laws or regulations or otherwise where continued ownership, direct or beneficial, of Interests might have, in the sole and exclusive opinion of the General Partner, adverse regulatory, tax or pecuniary consequences to the Fund or the Limited Partners.

Material Insider Withdrawal

The General Partner will provide the Limited Partners with prompt written notice in the event it becomes aware that any of Andrew Redleaf (retired founder), Robert Vogel or Paul Twitchell, any member of their immediate families, or any entity associated with any

one of them (e.g., a family trust) intends to withdraw capital he or they have in the aggregate invested (directly or indirectly) in the Funds by an amount equal to or greater than 25% of the aggregate amount he or they have invested in the Funds; provided, however, such notice shall not apply to any withdrawal effected for the purpose of the payment of tax obligations, in connection with estate planning or to withdrawals of any amount of any incentive compensation allocated to them.

Other

No Distributions

The Master Fund will generally reinvest all realized income and capital gains into additional investments rather than distribute such amounts to its investors, including the Fund.

Allocations

Net realized and unrealized profits and losses of the Fund will be allocated to the Partners' Capital Accounts at the end of each calendar month or, at the discretion of the General Partner, on a more frequent basis. See also "Incentive Allocation" above.

Reports

The Administrator will provide each Partner with monthly financial and performance information of the Fund and its operations. In addition, each Partner will receive annual audited financial statements of the Fund generally within 120 days following the end of each fiscal year.

Federal Taxation

The Fund will be classified as a partnership for U.S. federal income tax purposes. The Fund should not itself be subject to U.S. federal income taxation. Each Limited Partner otherwise subject to U.S. federal income tax is required to include in such Limited Partner's taxable income such Limited Partner's share of the Fund's taxable income and gains (regardless of cash distributions from the Fund to such Limited Partner), and may claim, to the extent allowable, such Limited Partner's share of the Fund's losses and deductions. The deductibility of a Limited Partner's share of the Fund's losses or deductions may be limited. See "UNITED STATES INCOME TAX CONSIDERATIONS."

The tax aspects of the Fund are complex and prospective investors should consult their own tax advisors regarding the federal, state, local and foreign tax consequences of an investment in the Fund.

ERISA

The Fund may accept subscriptions from pension and profit-sharing plans maintained by U.S. corporations and/or unions, individual retirement accounts and Keogh plans, entities that invest the assets of such accounts or plans and other entities investing plan assets. At various times, participation by "benefit plan investors" in the Fund may be "significant" (as such terms are defined by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the regulations thereunder) and result in the Fund holding "plan assets" subject to Title I of ERISA and/or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"). Furthermore, at

various times, participation by “benefit plan investors” in the Fund and the Master Fund may be “significant” (as such terms are defined by ERISA and the regulations thereunder) and result in the Master Fund holding “plan assets” subject to Title I of ERISA and/or Section 4975 of the Code. See “INVESTMENTS BY EMPLOYEE BENEFIT PLANS.”

Fiscal Year

The Fund’s fiscal year is the calendar year.

Contractual Agreements

The Fund has entered into various contractual agreements, such as the Partnership Agreement, brokerage agreements, and the Administration Agreement with the Administrator. Investors may obtain copies of material agreements upon written request. The agreements provide broad indemnification and exculpation rights to the Fund’s counterparties.

Conflicts of Interest

The Fund is subject to certain actual and potential conflicts of interest. For example, the Management Fee payable by the Fund to Whitebox and the Incentive Allocation allocable by the Master Fund to the General Partner were established by Whitebox and the General Partner and not as a result of arms-length negotiation. Whitebox and the General Partner may manage accounts of clients other than the Fund, as well as trade for their own account, and may have an incentive to favor those accounts over the Fund, although they will not knowingly do so. In addition to the series offered pursuant to this Memorandum, affiliated principals of Whitebox are offered a separate series that is not subject to any Management Fee or Incentive Allocation and employees of Whitebox are offered a separate series that is subject to a reduced Management Fee and no Incentive Allocation. All other terms and conditions generally applicable to an investment in Interests apply equally to any investment in the Fund by an affiliated principal or employee of Whitebox. See “POTENTIAL CONFLICTS OF INTEREST.”

Risk Factors

There is no assurance that the Fund's objective will be achieved or that the Fund will not incur significant losses. There are various substantial risks associated with an investment in the Fund. There are many market-related and other factors – some of which cannot be anticipated – that could cause a Limited Partner to lose a major portion or all of its investment in the Fund or prevent the Fund from generating profits.

No investor should invest in the Fund unless the investor is fully able, financially and otherwise, to bear such a loss, and unless the investor has the background and experience to understand thoroughly the risks of its investment. This and other sections of this Memorandum identify some of the risks of investing in the Fund, but this Memorandum does not attempt to identify each risk, or to describe completely or substantially those risks it does identify. Any prospective investor that wishes to obtain more information about the Fund should contact the General Partner, which will attempt to provide such information. See "SPECIAL CONSIDERATIONS AND RISK FACTORS."

Additional Information

Prospective investors who wish to receive additional information about the Fund should contact the Administrator or the General Partner, which will provide any such information that is reasonably obtainable. A copy of the Partnership Agreement of the Fund is available for inspection by the Limited Partners at the offices of the Administrator and Whitebox, together with copies of the Administration Agreement, other material agreements and the latest audited annual financial statements of the Fund as and when they are available.

INVESTMENT OBJECTIVES AND STRATEGIES

Investment Objective

The investment objective of Whitebox Relative Value Fund, LP (the “Fund”) and Whitebox Relative Value Fund, Ltd. (the “Offshore Fund”) is to seek superior capital appreciation. Whitebox Relative Value Partners, L.P. (the “Master Fund”) pursues this investment objective through the construction of an investment portfolio comprised of a variety of proprietary investment strategies. Each of the principal investment strategies employed in furtherance of the investment objective are generally designed to capture alpha from systematic inefficiencies and idiosyncratic opportunities across asset classes and market cycles.

Portfolio Structure

Whitebox Advisors LLC (“Whitebox”) utilizes a dynamic allocation approach wherein the Master Fund’s capital is allocated to investment strategies which, in its opinion, both represent the best opportunities for superior capital appreciation and the creation of a diversified, risk managed investment portfolio. Each such investment strategy is managed by a “Strategy Head” who is responsible and accountable for the generation of investment ideas, the monitoring of investment strategies under their charge, and the realization of profit and loss associated with their respective investment positions. The Strategy Heads practice general oversight of all investment strategies and the composition of the Fund’s investment portfolio and portfolio managers. Whitebox’s Chief Risk Officer oversees the risk management of the Fund’s portfolio and the investment strategies. In addition, Whitebox’s Investment Committee provides general oversight and risk management of all investment vehicles managed by Whitebox, including the Master Fund. The Investment Committee generally meets in person twice each month.

Investment Strategies

The Master Fund’s primary investment program involves construction of a dynamic portfolio which employs investments utilizing a variety of proprietary investment strategies. While not every position held within the Master Fund will be fully hedged, the investment strategy emphasizes the use of hedged trade structures in initiating and managing positions in the Master Fund’s portfolio. In practice, this means that many of the Master Fund’s trade ideas may include a corresponding hedge position (long or short) as part of the holistic trade idea. In addition, the Master Fund may employ broader portfolio-wide hedges with the goal of mitigating systemic or other broad investment risk. The investment strategies described in this Memorandum are those that are currently employed by the Master Fund although they may change in the future and new ones may be developed. Accordingly, there is no limitation on the positions that the Master Fund may acquire, the instruments it may trade, the markets in which it may trade, or strategies that it may employ. Due to the nature of the Master Fund’s investment process, investments or trade ideas may also migrate between investment strategies as the circumstances of the trade idea or Whitebox’s application of that trade idea change.

The specific investment strategies employed by the Master Fund may include the following:

Credit Arbitrage

The Master Fund’s credit arbitrage strategy is generally composed of credit positions within a company’s capital structure. While the most common example of the strategy may be long a more senior security within a capital structure (such as a senior bond) and short a more junior security (such as equity) the strategy may employ a variety of iterations of this approach, including instances in which the Master Fund may be long equity or a more junior security and short a more senior security in the capital structure. The credit arbitrage strategy may also employ sub-strategies that rely more heavily on quantitative inputs

in constructing positions. The strategy may invest across a number of investment instruments, including, but not limited to, cash bond, credit default swaps and common and preferred equity.

Convertible Securities

The Master Fund may participate in several varying forms of convertible bond trading, which include traditional convertible arbitrage, stressed and distressed convertible bond investing, short and synthetic put strategies, option arbitrage and capital structure arbitrage, among others. It is anticipated that the Master Fund may regularly invest in convertible bond strategies and related strategies both within and outside the U.S.

Equity Arbitrage

While most positions within the Master Fund are premised on a relative value framework, the relative value strategy is designed primarily to house those positions for which the long and short components of the aggregate position have a strong real or perceived relationship that are not traditional convertible arbitrage or capital structure arbitrage positions. These positions include sub-strategies such as share class arbitrage, merger arbitrage, or stub trades, as examples. Positions within the relative value strategy tend to be composed primarily, though not necessarily exclusively, of equity and equity-related instruments, such as options and warrants.

Credit

The Master Fund's credit strategy is generally focused on more directional opportunities within corporate credit. These opportunities are often (though not exclusively) stressed or distressed issuers or companies currently or previously in bankruptcy or otherwise undergoing a capital restructure. The credit strategy invests in a variety of corporate credit and related instruments including, but not limited to, the following: corporate debt, revolving loans, term loans, asset-backed funding facilities, royalty-based financings, convertible bonds, warrants, rights, preferred equity, post-reorganization equity, trade claims, and other corporate instruments.

The credit strategy may also include new issues or other credits for which a corresponding hedge position would be inappropriate or is unavailable. Hedging strategies and ratios for positions within the credit strategy may often differ from those in the credit arbitrage strategy (described below) and may result in more directional exposure for those positions. In addition, positions within this strategy may evolve over time as debt is exchanged or equitized, resulting in new equity or debt securities. The credit strategy may hold instruments other than corporate credit, which may be as a result of the issuance of new equity or other instruments as the result of a company's restructuring.

As with any investment, there can be no assurance that the investment objectives will be achieved or that an investor will not lose a portion or all of its investment in the Fund. The Fund is designed for investors who do not require current liquidity.

SPECIAL CONSIDERATIONS AND RISK FACTORS

There are various substantial risks associated with an investment in the Fund. There are many market-related and other factors--some of which cannot be anticipated--that could cause an investor to lose a major portion or all of its investment in the Fund or prevent the Fund from generating profits. No investor should invest in the Fund unless the investor is fully able, financially and otherwise, to bear such a loss, and unless the investor has the background and experience to understand thoroughly the risks of its investment. The other sections of this Memorandum identify some of the risks of investing in the Fund, but this Memorandum does not attempt to identify each risk, or to describe completely or substantially those risks. Any prospective investor that wishes to obtain more information about the Fund should contact Whitebox General Partner LLC (the "General Partner"), which will attempt to provide such information. Each prospective limited partner in the Fund (a "Limited Partner") should examine this Memorandum, the Fund's Limited Partnership Agreement ("Partnership Agreement") and the Fund's subscription agreement (the "Subscription Agreement") accompanying this Memorandum in order to assure itself that the Fund's investment program is satisfactory to it. Since the Fund invests all of its investable assets in the Master Fund which, in turn, invests in securities and other investments, many of the risk factors considered below apply most specifically to investments made by the Master Fund. Unless the context requires otherwise, references below to the "Fund" include the Master Fund.

The returns realized under the Fund's investment strategy will be affected by many factors, including the following:

The Fund

No Guarantee of Investment Performance. Whitebox cannot guarantee that the Fund will achieve its stated investment objective or achieve positive or competitive investment returns. Whitebox cannot control market, regulatory, and other factors which may affect the performance of the Fund. Investors bear the risk that they could lose a portion or all of their investment in the Fund.

Reliance on Key Investment Personnel; Passive Investment. The Fund is managed exclusively by the General Partner and Whitebox. The Master Fund's (and therefore the Fund's) future profitability will in large measure depend upon the business and investment acumen of key investment personnel of the General Partner and Whitebox and their affiliates. Should anything happen to key investment personnel of the General Partner and Whitebox or their affiliates, the business and results of operations of the Fund may be adversely affected.

No Market for Interests. Although amounts may be withdrawn on a periodic basis, limited partnership interests in the Fund ("Interests") may not be assigned, pledged or otherwise transferred without the prior written consent of the General Partner. There is no market for the Interests and none is expected to develop. Interests will not be registered under the securities law of any jurisdiction and will be subject to strict restrictions on resale and transferability. Therefore, investors must be prepared to bear the risk of their investment in the Fund for a substantial period of time.

Investment of New Capital. The Fund may receive substantial additional investable capital at certain times. It may take the Master Fund a significant period of time to appropriately invest any such new investable capital.

Possible Adverse Effect of Large Withdrawals. Whitebox's trading strategies could be disrupted by large withdrawals by Limited Partners. For example, such withdrawals could require Whitebox to prematurely liquidate securities positions it had established for the Fund.

No Trading Guidelines; Changes in Trading Strategies and Instruments. There are no restrictions in the governing documents of the Master Fund on such matters as the instruments or markets Whitebox or its affiliates may trade for the Master Fund, the strategies it may use, the amount of leverage it may employ or the amount of portfolio diversification it must maintain. The trading strategies employed by Whitebox and its affiliates are continually developing. Whitebox and its affiliates are free (without notifying investors) to make changes in trading strategies and to trade new instruments or markets.

Non-Diversification and Sector Concentration. The Master Fund's investment portfolio may be concentrated in a limited number of issuers or market sectors. Non-diversification among issuers involves an increased risk of loss to the Master Fund if the market value of a security or issuer should decline. If the Master Fund concentrates its investments in a market sector, financial, economic, business, and other developments affecting issuers in that sector will have a greater effect on the Master Fund than if it had not concentrated its assets in that sector. Moreover, the Master Fund's investment portfolio may be heavily weighted toward a particular investment strategy. The failure of that investment strategy to achieve the Master Fund's investment objective may have a more adverse effect on the value of the Master Fund's assets than if the Master Fund's assets were more evenly allocated among the Master Fund's investment strategies.

High Portfolio Turnover. The strategies employed by the Master Fund are expected to lead to frequent changes in the Master Fund's investment portfolio. Higher portfolio turnover generally involves additional expense to the Master Fund, including brokerage commissions, dealer mark-ups and other transaction costs on the sale of securities and reinvestment in other securities.

Absence of Regulatory Oversight. While the Fund and the Master Fund may be considered similar to an investment company, neither intends to register as such under the Investment Company Act of 1940, as amended (the "Investment Company Act"), in reliance upon an exemption available to privately offered investment companies. Accordingly, the provisions of the Investment Company Act (which, among other matters, requires investment companies to have a board of directors or trustees comprised in part of disinterested persons, requires securities to be held in segregated custody accounts, and closely regulates the relationship between the investment company and its investment adviser) will not be applicable.

Substantial Charges to the Fund. The Fund is subject to substantial expenses (both directly at the Fund level and indirectly through the Master Fund), regardless of whether it generates any profits. The Master Fund will be required to make substantial profits to avoid depletion of its assets from these charges. The Fund's "master feeder" structure subjects the Fund to a higher expense/equity ratio than many other investment funds.

Operational and Human Error. The success of the Master Fund's strategies depends in part upon the accurate calculation of price relationships, the communication of precise trading instructions and ongoing position evaluations. In addition, the Master Fund's strategies require active, ongoing management and dynamic adjustments to the investment portfolio. There is the possibility that, through human error, oversight or operational weaknesses, mistakes could occur in this process and lead to significant trading losses.

Model Risk. Certain of the Master Fund's investment strategies use a number of quantitative approaches, systematic analysis, algorithms or other models. Models to be employed by Whitebox are intended to identify and capture favorable investment opportunities or to limit certain types of risks, or possibly both. However, there is no assurance that the use of any such models will necessarily fulfill their intended objectives or assure investment success in future markets and environments.

As with any model-driven or other quantitative strategy, the Master Fund's resulting performance is subject generally to model risk (i.e., the consequences of any inaccuracy, flaw, or limitation of the quantitative model). Models are generally based upon historical data, which is not indicative of the future performance of any investments in the Master Fund. In addition, most quantitative models cannot fully match the complexity of the financial markets and therefore sudden unanticipated changes in underlying market conditions can significantly impact the performance of the Master Fund. Further, as market dynamics shift over time, a previously highly successful model may become outdated, perhaps without Whitebox recognizing that fact before substantial losses are incurred. Even without becoming a completely outdated model, a model's effectiveness may decline for any number of reasons including, but not limited to, an increase in the amount of assets managed by the Master Fund, the use of similar models by other market participants and/or market dynamic shifts over time. Moreover, there are an increasing number of market participants who rely on quantitative mathematical models. These models may be similar to those used by the Master Fund, which may result in a substantial number of market participants taking the same action with respect to an investment and some of these market participants may be substantially larger than the Master Fund. Should one or more of these other market participants begin to divest themselves of one or more positions, a "crisis correlation", independent of any fundamentals, could occur, thereby causing the Master Fund to suffer material, or even total, losses.

Institutional Risk. The institutions, including brokerage firms and banks, with which the Master Fund (directly or indirectly) does business, or to which securities have been entrusted for custodial purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of the Master Fund.

Cybersecurity Breaches and Identity Theft. The information and technology systems of Whitebox and of key service providers may be vulnerable to potential damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Whitebox has implemented various measures designed to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, it may be necessary for Whitebox to make a significant investment to fix or replace them and to seek to remedy the effect of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of Whitebox or the Fund and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information.

Effects of Health Crises and Other Catastrophic Events. Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and Whitebox's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of Whitebox and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

Liability Resulting from Investing Through Commingled Special Purpose Vehicles. Whitebox has and may establish special purpose vehicles to hold Fund investments. Holding investments through special purpose vehicles exposes the Fund to risks not present in direct investments, particularly when the Fund

participates in a special purpose vehicle in conjunction with third parties. In certain circumstances, depending on the jurisdiction of organization, applicable tax treaties and other tax, legal or business considerations, special purpose vehicles through which multiple advisory clients of Whitebox make investments may not provide for complete segregation of assets and liabilities. Accordingly, if any of the other advisory clients are unable or unwilling to meet all of their respective obligations, liabilities and/or shortfalls associated with the underlying investment in which they hold an interest through a special purpose vehicle, the Fund, may be adversely affected.

Legal Proceedings. The Fund and Whitebox, as independent legal entities, are and in the future may be subject to lawsuits or proceedings by government entities or private parties. Litigation does and will occur in the ordinary course of the management of the investment portfolio of the Fund. Certain legal proceedings may result in recoveries for the Fund, but the outcome of any legal proceeding is uncertain. The risk of litigation may increase if the Fund exercises control or significant influence over a company or invests in restricted or closely-held securities or other assets. Litigation may also arise as a result of defaults, bankruptcies and/or other reasons. Except in the event of a lawsuit or proceeding arising from Whitebox's intentional misconduct, bad faith, fraud, gross negligence, material breach of the Management Agreement or Whitebox's violation of U.S. federal securities law as determined in a final order by a court of competent jurisdiction, expenses or liabilities of the Fund arising from any suit shall be borne by the Fund. The costs and expenses associated with these legal proceedings impairs the investment performance of the Fund.

Service on Boards of Portfolio Companies. As a result of the Fund's investment in portfolio companies, a representative of Whitebox will from time to time serve on the board of directors of certain of the Fund's portfolio companies or on creditor committees of certain issuers that the Fund has invested in. As a consequence, there may be certain restrictions on the Fund's ability to purchase or sell securities of such portfolio companies at certain times and such representative of Whitebox has and may in the future be sued as a result of their service on such committees or boards for claims of breach of duty of loyalty, securities claims and other director related claims. In general, the Fund will indemnify the General Partner, Whitebox and their representatives from such claims.

Indemnification Risk. The Fund indemnifies the General Partner, Whitebox, and the Administrator (and their respective principals, agents and affiliates) against certain losses and expenses they might incur in acting for the Fund. Such obligations could require the Fund to pay considerable sums to those persons.

Regulatory Environment. The Fund or some or all of its investors may be adversely affected by changes in the interpretation or enforcement of new or existing laws and rules by governmental authorities and self-regulatory organizations. It is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could be more difficult and expensive, and may affect the manner in which the Fund or the Master Fund conducts business. New laws or regulations may also subject the Fund or the Master Fund or some of their investors to new or increased taxes or other costs.

ERISA. It is anticipated that, at various times, the assets of the Master Fund may be deemed to be "plan assets" subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and/or Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"). During these periods, Whitebox will be a fiduciary with respect to plans or accounts subject to Title I of ERISA and/or Section 4975 of the Code investing in the Master Fund directly or indirectly through a "Benefit Plan Investor" (as defined below) and will be prohibited from causing the Master Fund to engage in certain transactions. While Whitebox believes that it can effect the Master Fund's investment strategies utilizing various statutory and class exemptions to ERISA's prohibited transaction regime, there may be particular transactions which

ERISA and/or the Code will prevent the Master Fund from entering into or investments which the Master Fund must sell before it might otherwise do so.

The Securities Markets

Investment Competition. The market for some types of securities is highly competitive. The Master Fund will be competing for investment opportunities with a significant number of financial institutions, other private funds, as well as various institutional investors. Many of these competitors are larger and have greater financial, human and other resources than the Master Fund and may in certain circumstances have a competitive advantage over the Master Fund. As a result of this competition, there may be fewer attractively priced investment opportunities, which could have an adverse impact on the ability of the Master Fund to meet the Fund's investment objective or the length of time that is required for the Master Fund to become fully invested. There can be no assurance that the returns on the Master Fund's investments will be commensurate with the risk of investment in the Fund.

Economic Risk. Changes in economic conditions, including, for example, interest rates, inflation rates, political and diplomatic events and trends, tax laws and innumerable other factors, can affect substantially and adversely the business and prospects of the Master Fund and the Fund.

Volatility of Securities Markets. Securities prices may be volatile, and securities price movements are influenced by many unpredictable factors.

Securities of Smaller Companies and Issuers. The Master Fund may invest without limitation in securities originated by smaller companies and issuers. Small companies may offer greater opportunities for capital appreciation than larger companies, but investments in such companies may involve certain special risks. Securities issued by small companies or issuers may be collateralized, however making an actual foreclosure on and subsequent sale of these assets may be lengthy and inefficient. Small companies may have limited product lines, markets, or financial resources and may be dependent on a limited management group. While the markets in securities of such companies have grown rapidly in recent years, such securities may trade less frequently and in smaller volume than more widely held securities. The values of these securities may fluctuate more sharply than those of other securities, and the Master Fund may experience some difficulty in establishing or closing out positions in these securities at prevailing market prices. There may be less publicly available information about the issuers of these securities or less market interest in such securities than in the case of larger companies, and it may take a longer period of time for the prices of such securities to reflect the full value of their issuers' underlying earnings potential or assets.

Illiquid Securities. The Master Fund may invest in securities which are not readily marketable, including privately placed securities. The Master Fund may find it difficult to readily dispose of illiquid investments in the ordinary course of business. In addition, illiquid investments may not have an established trading market. In the absence of an established trading market, Whitebox will, in accordance with its valuation policies then in effect, value such investments in good faith at each time the Fund's NAV is determined. Accordingly, the NAV of the Fund may be based in significant part on the valuations placed on Master Fund assets by Whitebox and its affiliates without reference to an established market for such investments. Notwithstanding anything to the contrary herein, during any period when the assets of the Fund and the Master Fund are deemed to be "plan assets" for purposes of Title I of ERISA, all Master Fund valuations will be based on independent pricing sources.

Convertible Securities. The Master Fund may invest without limitation in convertible securities, including non-investment grade convertible securities. A convertible security (a bond or preferred stock) may be converted at a stated price within a specified period of time into a certain quantity of the common

stock of the same or a different issuer. Convertible securities are senior to common stock in an issuer's capital structure, but are usually subordinated to similar non-convertible securities. While providing a fixed income stream (generally higher in yield than the income from common stocks but lower than that afforded by a similar non-convertible security), a convertible security also affords an investor the opportunity, through its conversion feature, to participate in the capital appreciation of the issuer's common stock. The Master Fund may choose to isolate the debt aspect of a convertible bond by taking a hedging or arbitrage position in the underlying common stock.

Debt Securities. The Master Fund may invest in debt securities, including debt securities rated lower than "investment grade" - debt securities rated lower than Baa by Moody's Investors Service, Inc. ("Moody's"), or lower than BBB or higher by Standard & Poor's Corporation ("S&P"), or if unrated that are judged by Whitebox or its affiliates to be of comparable quality. Non-investment grade debt securities (sometimes referred to as "junk bonds") are considered speculative and may be in poor credit standing or even in default as to payments of principal or interest. Moreover, such securities generally are less liquid than investment grade debt securities.

Trade Receivables and Bank Loans. The Master Fund may invest in trade receivables of operating companies as well as bank loans. Like privately issued securities, such instruments are typically difficult to value and may be highly illiquid. Moreover, such instruments are typically in default, and collection on such instruments may be through a lead bank acting as servicer for all participant lenders (in the case of bank loans) or through bankruptcy or other formal or informal collection proceedings. Although trade receivables and bank loans are typically available at substantial discounts to their face values, investments in such instruments should be considered highly speculative.

Zero-Coupon Securities. The Master Fund may invest in zero-coupon securities. Zero-coupon securities are debt obligations which are generally issued at a discount and payable in full at maturity, and which do not provide for current payments of interest prior to maturity. Zero-coupon securities usually trade at a deep discount from their face or par value and are subject to greater market value fluctuations from changing interest rates than debt obligations of comparable maturities which make current distributions of interest. When debt obligations have been stripped of their unmatured interest coupons by the holder, the stripped coupons are sold separately. The principal is sold at a deep discount because the buyer receives only the right to receive a future fixed payment on the security and does not receive any rights to periodic cash interest payments. Once stripped or separated, the principal and coupons may be sold separately. Typically, the coupons are sold separately or grouped with other coupons with like maturity dates and sold in such bundled form. Purchasers of stripped obligations acquire, in effect, discount obligations that are economically identical to the zero-coupon securities issued directly by the obligor.

Private Placements. The Master Fund may invest in privately issued securities that are subject to legal or contractual resale restrictions. The Master Fund may be unable to publicly sell these securities unless they are registered under applicable securities laws, or unless a registration exemption is available. Such securities are also typically difficult to value. For these reasons, disposition of privately issued securities may be difficult and may require a lengthy period of time. Moreover, the issuers of such securities typically are early-stage companies which may lack management depth and sufficient financial resources, which may be marketing a new product for which there is no established market, or which may be subject to intense competition from larger, more established companies. The Master Fund may be asked to make "follow-on" investments in private issuers in order to provide the issuer with needed capital. However, there can be no assurance that the Master Fund will be able to make any such follow-on investments, and that inability could impact the ability of the Master Fund to recover, or to realize a meaningful return on its investment.

Private Investment in Public Equity (“PIPEs”). PIPEs are private (unregistered) offerings of common stock or other equity securities, usually at a discount to current market price, issued by public companies. The typical PIPE is subject to a “lockup” agreement that prohibits the owner from reselling the PIPE security until it is registered or until a designated holding period has elapsed. On occasion, the SEC has refused to allow PIPE securities to be registered due to the immediate impact such registration could have on the public market for such securities (for example, if certain owners of such PIPEs have sold the securities short in anticipation of their registration). Typically, PIPE securities are offered by small public companies, companies in need of regular cash infusions, companies in financial distress or companies where a public offering has failed. While PIPE financings have become very popular, PIPE securities may be susceptible to special risks that may not be present in the same company’s publicly traded securities. Substantial illiquidity could remain even after a PIPE security becomes registered for public sale. Moreover, the Master Fund’s entire investment in PIPE securities may be lost if they never become registered.

Derivatives. The Master Fund may trade both exchange-traded and OTC derivatives, including, but not limited to, futures, forwards, swaps (including credit default swaps and foreign currency swaps), options and contracts for differences, as part of its investment approach. These instruments can be highly volatile and expose investors to a high risk of loss. The low initial margin deposits normally required to establish a position in such instruments permit a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds deposited as initial margin and may result in unquantifiable further loss exceeding any margin deposited. In addition, daily limits on price fluctuations and speculative position limits on exchanges may prevent prompt liquidation of positions resulting in potentially greater losses. The pricing relationships between derivatives and the instruments underlying such derivatives may not correlate with historical patterns, potentially resulting in unexpected losses. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged. Transactions in OTC contracts may involve additional risk as there may be no exchange market on which to close out an open position. It may therefore be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk. These can include break clauses, whereby a counterparty can terminate a transaction on the basis of a certain reduction in Net Asset Value, incorrect or disputed collateral calls, or delays in the return of excess collateral. The Master Fund may also sell covered and uncovered options on securities and other assets. To the extent that such options are uncovered, the Master Fund could incur an unlimited loss

Non-Investment Grade Convertible Securities. The Master Fund may invest without limitation in “non-investment grade” convertible securities. Non-investment grade convertible securities are considered speculative and may be in poor credit standing or even in default as to payments of principal or interest. Moreover, such securities generally are less liquid than investment grade securities.

Foreign Securities. The Master Fund may invest in American Depositary Receipts (“ADRs”), which are U.S. dollar-denominated equity and debt securities of foreign issuers or directly in foreign securities. Interest or dividend payments on such securities may be subject to foreign withholding taxes. Investments in foreign securities involve considerations and risks not typically associated with investments in securities of domestic companies, including possible unfavorable changes in currency exchange rates, reduced and less reliable information about issuers and markets, different accounting standards, illiquidity of securities and markets, local economic or political instability and greater market risk in general.

Currency Risks. Although the Master Fund will normally invest and receive any returns on such investment in U.S. Dollars, the Master Fund’s assets may be invested in securities and other financial instruments denominated in other currencies. Even if the trading of funds may be profitable in such

currencies, such profits may be reduced or eliminated, or the underlying funds could experience losses, because of adverse currency fluctuations between the U.S. Dollars and the denominated currencies of the instruments it trades. The Master Fund may attempt to mitigate the risks associated with currency fluctuations at times by entering into, when available, forward or options contracts or by the purchase or sale of foreign currencies in connection with the acquisition, holding or disposition of investments, but is not obligated to do so. In addition, the Master Fund's investments may be adversely affected by the imposition of unfavorable mandatory exchange rates with respect to, or other limitations or prohibitions on, the exchange or repatriation of currencies in which the Master Fund holds positions or in which securities or other investments of the Master Fund are denominated.

LIBOR Risk. The Master Fund may invest in certain debt securities, derivatives or other financial instruments that utilize the London Interbank Offered Rate, or "LIBOR," as a "benchmark" or "reference rate" for variable various interest rate calculations. In July 2017, the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced a desire to phase out the use of LIBOR by the end of 2021. Although financial regulators and industry working groups have suggested alternative reference rates, such as European Interbank Offer Rate, Sterling Overnight Interbank Average Rate and Secured Overnight Financing Rate, global consensus on alternative rates is lacking and the process for amending existing contracts or instruments to transition away from LIBOR remains unclear. The elimination of LIBOR or changes to other reference rates or any other changes or reforms to the determination or supervision of reference rates could have an adverse impact on the market for, or value of, any securities or payments linked to those reference rates, which may adversely affect the Master Fund's performance and/or net asset value. Uncertainty and risk also remain regarding the willingness and ability of issuers and lenders to include revised provisions in new and existing contracts or instruments. Consequently, the transition away from LIBOR to other reference rates may lead to increased volatility and illiquidity in markets that are tied to LIBOR, fluctuations in values of LIBOR-related investments or investments in issuers that utilize LIBOR, increased difficulty in borrowing or refinancing and diminished effectiveness of hedging strategies, adversely affecting the Master Fund's performance. Furthermore, the risks associated with the expected discontinuation of LIBOR and transition may be exacerbated if the work necessary to effect an orderly transition to an alternative reference rate is not completed in a timely manner. Because the usefulness of LIBOR as a benchmark could deteriorate during the transition period, these effects could occur prior to the end of 2021.

Securities Believed to be Undervalued or Incorrectly Valued. Securities which Whitebox or an affiliate believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame Whitebox or the affiliate anticipates. As a result, the Master Fund may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard that is a prerequisite to the Master Fund's investment in any instrument and some obligations and preferred stock in which the Master Fund invests will be less than investment grade.

Arbitrage Transaction Risks. Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. Whitebox may employ risk arbitrage, credit arbitrage and other arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Master Fund is employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads", which can also be identified, reduced or eliminated by other market participants.

Swaps. The Master Fund may enter into swap agreements. Swap agreements are typically two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to many years. In a standard "swap" transaction, two parties agree to exchange the returns (or the differential in rates of return) earned or realized on particular predetermined investments, instruments or indices. The

Master Fund will not have any direct ownership of the underlying investments, and the Master Fund does not have any rights of ownership or other rights to the underlying investments, either directly or indirectly. The gross returns to be exchanged or “swapped” between the parties are generally calculated with respect to a “notional amount.” Swap transactions may be highly illiquid. Moreover, the Master Fund bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Master Fund’s ability to terminate existing swap transactions or to realize amounts to be received under such transactions.

Credit Default Swaps. The Master Fund may take long and short positions in credit default swaps. A credit default swap is a type of credit derivative which allows one party (the “protection buyer”) to transfer credit risk of a reference entity (the “reference entity”) to one or more other parties (the “protection seller”). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of specified events (each a “credit event”) which may be experienced by the reference entity. Credit default swaps carry specific risks including, but not limited to, high levels of leverage, the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfil its obligations to the Master Fund if a credit event occurs in respect of the reference entity. In certain instances of issuer defaults or restructurings (for those credit default swaps for which restructuring is specified as a credit event), it has been unclear under the standard industry documentation for credit default swaps whether or not a credit event triggering the protection seller’s payment obligation had occurred. The creation of the ISDA Credit Derivatives Determination Committee (the “Determination Committee”) in 2009 and the publishing of the Auction Settlement CDS Protocol were intended to reduce this uncertainty and create uniformity across the market for credit default swaps. Market-wide cash settlement protocols applicable to all market-standard credit derivatives have helped to reduce settlement risks by providing that the Determinations Committee both establish an auction to determine a settlement price and identify the deliverable securities for purposes of the auction, although the Determinations Committee may in certain limited circumstances refrain from doing so. In the event the Determinations Committee cannot reach a timely resolution with respect to a credit event or otherwise does not establish a cash settlement auction, there is the risk that the protection buyer may not be able to realize the full value of the credit default swap.

Where the Master Fund is a protection seller, it will incur leveraged exposure to the credit of the reference entity and become subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, the Master Fund will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity’s debt obligations. In addition, in the event the Determinations Committee does not establish a cash settlement auction and identify the relevant deliverable securities, the protection buyer will have broad discretion to select which of the reference entity’s debt obligations to deliver to the Master Fund following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the Master Fund.

Futures Contracts. Whitebox or an affiliate may invest in futures contracts in managing the Master Fund’s investment portfolio. Futures contracts are exchange-traded contracts that provide for the future delivery of various commodities, currencies or financial instruments at a specified time and place. Contractual obligations, depending on whether one is a buyer or a seller, may be satisfied either by taking or making physical delivery of the applicable commodity, or as often happens in financial futures, by cash settlement. Futures obligations may also be satisfied by making an offsetting sale or purchase of an equivalent futures contract on the same exchange prior to the designated delivery date. Most financial futures contracts are settled in this manner.

Futures contracts are customarily bought and sold on margins which range upward from less than two percent of the purchase price of the contract being traded. Because of these low margins, price fluctuations occurring in futures markets may create relative profits and losses which are greater than in other forms of investment. Margin is the minimum amount of funds which must be deposited by the futures trader with its broker in order to initiate futures trading or to maintain the trader's open positions in futures contracts. When the market value of a particular open futures position changes to a point where the margin on deposit does not satisfy maintenance margin requirements, a margin call will be made. If the margin call is not met within a reasonable time, the broker may close out the position.

Exchanges on which futures are traded may have the right to suspend or limit trading in the commodities that they list. Such a suspension or limitation could render it impossible for the Master Fund to liquidate its positions and thereby expose it to losses. In addition, there is no guarantee that exchange and other secondary markets will always remain liquid enough for Whitebox or an affiliate to close out existing futures positions.

Futures exchanges may limit fluctuations in futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day, no trades may be executed at prices beyond the daily limit. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices on various commodities or financial instruments occasionally have moved to the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Master Fund from promptly liquidating positions in futures or commodity options. To the extent that such positions are unhedged, such occurrences could subject the Master Fund to losses.

Bonds and Other Fixed-Income Securities. The Master Fund may invest in bonds and other fixed-income securities. The Master Fund will invest in these securities when they offer opportunities for capital appreciation and may also invest in these securities for temporary defensive purposes and to maintain liquidity. Fixed-income securities include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. Government or one of its agencies or instrumentalities ("U.S. Government Securities") or by a foreign government; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed-income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

The Master Fund may invest in both investment grade and non-investment grade debt securities. Investment grade debt securities are securities that have received a rating from at least one nationally recognized statistical rating organization ("NRSRO") in one of the four highest rating categories or, if not rated by any NRSRO, have been determined by Whitebox or an affiliate to be of comparable quality. Non-investment grade debt securities (typically called "high yield bonds") are securities that have received a rating from a NRSRO of below investment grade or have been given no rating, and are considered by the NRSRO to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. Non-investment grade debt securities may involve a substantial risk of default or may be in default. Adverse changes in economic conditions or developments regarding the individual issuer are more likely to cause price volatility and weaken the capacity of the issuers of non-investment grade debt securities to make principal and interest payments than is the case for higher grade debt securities. An economic downturn affecting an issuer of non-investment grade debt securities may result in an increased incidence

of default. In addition, the market for lower grade debt securities may be thinner and less active than for higher grade debt securities.

Counterparty Risk and Custodial Risk. Many of the markets in which the Master Fund effects its transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes the Master Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Master Fund to suffer a loss. Such counterparty risk is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Master Fund has concentrated its transactions with a single or small group of counterparties. The Master Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty.

The Master Fund generally will maintain custody of its assets with its Prime Brokers and other Custodians, which do not separately segregate such customer assets as would be required in the case of U.S. registered investment companies and therefore the bankruptcy of any such Prime Brokers and Custodians could have a greater adverse effect on the Fund. There is no certainty that, in the event of a failure of a broker-dealer or other custodian that has custody of Fund assets, the Fund would not incur losses due to its assets being unavailable for a period of time, the ultimate receipt of less than full recovery of its assets, or both. Additionally, under certain circumstances, the securities and other assets deposited with the custodian or broker may not be clearly identified as being assets of the Fund and hence the Fund could be exposed to a credit or default risk with regard to such parties.

Distressed Investment Risk. The Master Fund may invest, directly or indirectly, in securities of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial, or at times even total, losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court’s power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Master Fund of the security in respect to which such distribution was made.

In certain transactions, the Master Fund may not be “hedged” against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

The administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor’s estate prior to any return to creditors (other than out of assets or proceeds thereof, which are subject to valid and enforceable liens and other security interests) and equity holders. In addition,

certain claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

Whitebox or an affiliate, on behalf of the Master Fund, may elect to serve on creditors' committees or other groups to ensure preservation or enhancement of the Master Fund's position as a creditor. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If Whitebox or an affiliate concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to the Master Fund, it will resign from that committee or group, and the Master Fund may not realize the benefits, if any, of participation on the committee or group. In addition, if the Master Fund is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of its investments in the relevant debtor while the Master Fund continues to be represented on such committee or group.

Distressed Securities and Securities Issued by Companies with a Low Credit Rating. The Master Fund may invest and trade, long and short, in bonds or other fixed income securities, including, without limitation, commercial paper and "higher yielding" (and, therefore, higher risk) debt securities. Such securities may be below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. Such securities tend to be highly volatile and illiquid. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher rated securities. Companies that issue such securities often are highly leveraged and may not have available to them more traditional methods of financing. Any economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities. The Master Fund's ability to realize significant appreciation in the value of such securities may depend upon the issuer's ability to achieve a successful reorganization or restructuring. The risk inherent in such securities may be offset by hedging techniques, but this is not always the case. In some instances, hedging could compound the risk.

Distressed Debt Tax Considerations. The tax accounting rules with respect to the timing and character of income and losses on investments in distressed debt instruments may result in adverse tax consequences. For instance, Partners may be required to include in income accrued interest, "original issue discount," and, potentially, "market discount" (each of which will be ordinary income), with respect to debt instruments held by the Master Fund even though there is uncertainty as to whether such amounts and/ or the ultimate principal amount will ever be received by the Master Fund. If an item of income is accrued and subsequently becomes uncollectible, the effect is a deduction, rather than the elimination of the accrual, even if the item becomes uncollectible in the same tax year that it is accrued. Accordingly, Partners may be subject to character mismatches where the Master Fund is required to accrue an amount of interest, original issue discount or market discount with respect to a capital asset which is subsequently sold at a loss. In addition, if a debt instrument held by the Master Fund is modified, Partners may be required to recognize gain as a result of the modification.

High Yield Risk. Investing in high yield debt securities involves risks which are greater than the risks of investing in higher quality debt securities. These risks include: (i) changes in credit status, including weaker overall credit conditions of issuers and risks of default; (ii) industry, market and economic risk; (iii) interest rate fluctuations; and (iv) greater price variability and credit risks of certain high yield securities such as zero coupon and payment-in-kind securities. While these risks provide the opportunity for maximizing return over time, they may result in greater upward and downward movement of the value of the Master Fund's portfolio. Furthermore, the value of high yield securities may be more susceptible to real or perceived adverse economic, company or industry conditions than is the case for higher quality securities.

Adverse market, credit or economic conditions could make it difficult at certain times to sell certain high yield securities held by the Master Fund.

Repurchase Agreements. The Master Fund may enter into repurchase agreements. A repurchase agreement is a contract under which the Master Fund acquires a security for a relatively short period (usually not more than one week) subject to the obligation of the seller to repurchase and the Master Fund to resell such security at a fixed time and price (representing the Master Fund's cost plus interest). Repurchase agreements may also be viewed as loans made by the Master Fund which are collateralized by the securities subject to repurchase. If the counterparty defaults, the Master Fund could realize a loss on the sale of the underlying security to the extent that the proceeds of sale including accrued interest are less than the resale price provided in the agreement including interest. In addition, if the seller should be involved in bankruptcy or insolvency proceedings, the Master Fund may incur delay and costs in selling the underlying security or may suffer a loss of principal and interest if the Master Fund is treated as an unsecured creditor and required to return the underlying collateral to the seller's estate.

Interest Rate Risk and Duration Risk. The value of the fixed-income component of a convertible security generally can be expected to fall when interest rates rise and to rise when interest rates fall. Interest rate risk is the risk that interest rates will rise, so that the value of the security will fall. Duration measures the approximate price sensitivity of a security to changes in interest rates and it is the primary measure of risk within the fixed-income component of a convertible security. Changing conditions and perceptions, including market fluctuations, may modify an obligation's duration and, independently, have other adverse effects on the value of a security.

Borrowing and Leverage. The Master Fund may borrow money without limitation to invest in additional portfolio securities. This practice significantly increases the Master Fund's market exposure and its risk. When the Master Fund has borrowed money for leverage and its investments increase or decrease in value, the Master Fund's NAV will increase or decrease more (possibly by multiples, depending upon the degree of leverage employed at such time) than if it had not borrowed money. In addition, the interest the Master Fund must pay on borrowed money will reduce the amount of any potential gains or increase any losses.

Short Sales. The Master Fund may engage in short sales of securities. Short sales are transactions in which the Master Fund sells a security it does not own, in anticipation of a decline in the market value of that security. To complete such a transaction, the Master Fund must borrow the security to make delivery to the buyer. The Master Fund then is obligated to replace the security borrowed by purchasing it at the market price at or prior to the time of replacement. The price at such time may be more or less than the price at which the security was sold by the Master Fund. Until the security is replaced, the Master Fund is required to repay the lender any dividends or interest that accrue during the period of the loan. To borrow the security, the Master Fund may be required to pay a premium, which would increase the cost of the security sold. Transaction costs will also be incurred in effecting short sales.

The Master Fund will incur a loss as a result of the short sale if the price of the security increases between the date of the short sale and the date on which the Master Fund replaces the borrowed security. A gain will be realized if the security declines in price between those dates. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of the premium, dividends, interest or expenses the Master Fund may be required to pay in connection with a short sale. An increase in the value of a security sold short by the Master Fund over the price at which it was sold short will result in a loss to the Master Fund, and there can be no assurance that the Master Fund will be able to close out the position at any particular time or at an acceptable price. Except in the case of short sales "against the box" (as to which the Master Fund owns or has a contractual right to acquire at a fixed price the securities sold short),

the Master Fund's market risk is unlimited in that the increase in the market price of the security sold short is unlimited.

Trading in Commodity Interests is Volatile. Commodity interest prices and other contract prices are highly volatile. Price movements of commodity interests are influenced by, among other things, changing supply and demand relationships, governmental, trade programs and policies, weather and national and international political and economic events. None of these factors can be controlled by Whitebox or its affiliates.

Commodity Trading May Be Illiquid. Certain commodity exchanges limit fluctuations in commodity futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day, no trades may be executed at prices beyond the daily limit. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity cannot be taken or liquidated unless both a buyer and seller are willing to effect trades at or within the limit. Commodity futures processes have moved the daily limit for several consecutive days with little or no trading. Similar occurrences, or regulatory intervention in the commodity markets, could prevent Whitebox or an affiliate from promptly liquidating unfavorable positions and adversely affecting trading and profitability.

Hedging Transactions. The Master Fund may utilize financial instruments to hedge against fluctuations in the relative values of its portfolio positions as a result of certain changes in the equity markets. Hedging against a decline in the value of portfolio positions does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio positions should increase. Moreover, it may not be possible for the Master Fund to hedge against a fluctuation at a price sufficient to protect the Master Fund's assets from the decline in value of the portfolio positions anticipated as a result of such fluctuations. In addition, it may not be possible to hedge against certain risks.

The success of the Master Fund's hedging transactions is dependent on Whitebox's or an affiliate's ability to correctly predict movements in the direction of the equity markets or sectors thereof. Therefore, while the Master Fund may enter into such transactions to seek to reduce the risks of a decline in the equity markets generally or one or more sectors of the equity markets in particular, unanticipated increases or smaller than expected decreases in the equity markets or sectors being hedged may result in a poorer overall performance for the Master Fund than if Whitebox or the affiliate had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Moreover, for a variety of reasons, Whitebox or an affiliate may not seek to hedge certain portfolio holdings or establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Master Fund from achieving the intended hedge or expose the Master Fund to additional risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Master Fund's portfolio holdings.

Securities Lending. The Master Fund may lend its portfolio securities, primarily through its Prime Brokers. The risks in lending portfolio securities, as with other extensions of credit, consist of possible delay in recovery of the securities or possible loss of rights in the collateral should the borrower fail financially.

Lack of Liquidity in Markets. Despite the heavy volume of trading in securities, the markets for some securities have limited liquidity and depth. This lack of depth could be a disadvantage to the Master Fund, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

Purchasing Initial Public Offerings. The Master Fund may purchase securities of companies in initial public offerings or shortly thereafter. Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer, and limited operating history. These factors may contribute to substantial price volatility for the shares of these companies. The limited number of shares available for trading in some initial public offerings may make it more difficult for the Master Fund to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospectus of achieving them.

Warrants and Rights. The Master Fund may purchase warrants and rights. Warrants are derivative instruments that permit, but do not obligate, the holder to subscribe for other securities or commodities. Rights are similar to warrants, but normally have a shorter duration and are offered or distributed to shareholders of a company. Warrants and rights do not carry with them the right to dividends or voting rights with respect to the securities that they entitle the holder to purchase, and they do not represent any rights in the assets of the issuer. As a result, warrants and rights may be considered more speculative than certain other types of equity-like securities. In addition, the values of warrants and rights do not necessarily change with the values of the underlying securities or commodities and these instruments cease to have value if they are not exercised prior to their expiration dates.

Option Transactions. The Master Fund may purchase or sell various “put” and “call” options, warrants, and other derivative securities without limitation. The use of options involves a high degree of embedded leverage, which can involve greater market risk, especially when not used to hedge the underlying security. If the Master Fund purchases a put option, the Master Fund acquires the right to sell the underlying security at a specified price at any time during the term of the option or on the option expiration date. Purchasing put options may be used as a portfolio investment strategy when Whitebox or an affiliate perceives significant short-term risk of substantial capital depreciation potential for the underlying security and may be used as an alternative to selling a security short. Selling put options may also be used as a method to purchase securities below current market prices or to collect the premium. If the Master Fund purchases a call option, it acquires the right to purchase the underlying security at a specified price at any time during the term of the option. The purchase of a call option is a type of insurance policy to hedge against losses that could occur if the Master Fund has a short position in the underlying security and the security thereafter increases in price. The selling of call options may also be used to initiate short positions at or above current market prices or to collect a premium. The Master Fund generally will only invest in options for which Whitebox or its affiliates believe there is an active secondary market to facilitate closing transactions. The premium paid at the time an option is purchased will reduce any profit the Master Fund might have realized had it purchased or sold the underlying security (or the contract on the underlying index, as applicable) instead of purchasing the put or call option.

Non-U.S. Securities Markets. The Master Fund may trade securities on non-U.S. as well as U.S. markets. Because non-U.S. securities markets are generally less regulated than U.S. markets, the trading on those markets presents certain risks that may not be present in trading on U.S. markets. For example, some foreign securities exchanges are “principals exchanges” in which performance is the responsibility only of the individual exchange member and not of an exchange clearing house.

Other Instruments and Strategies. The foregoing descriptions of investment strategies and instruments are not intended to be exhaustive. Whitebox and its affiliates may employ various additional strategies and instruments from time to time in pursuing the Master Fund's objective. Additionally, during weak or declining markets, the Master Fund may invest more of its assets in cash and cash equivalents. Although the Master Fund's investments in cash and cash equivalents would primarily be intended to avoid losses, this type of investing also could prevent the Master Fund from achieving its investment objective.

Accounting for Uncertainty in Income Taxes. Various accounting standards, including, without limitation, Financial Accounting Standards Board Accounting Standards Codification Topic No. 740, "Income Taxes" ("ASC 740," in part formerly known as "FIN 48"), could cause the Fund to be required to reserve for certain expenses or taxes or could otherwise impact the NAV of the Fund. A prospective Limited Partner should be aware that, among other things, these accounting standards could have a material adverse effect on the periodic calculations of the NAV of the Fund, including reducing the NAV of the Fund to reflect reserves for income taxes, such as foreign withholding taxes, that may be payable in respect of prior periods by the Fund. This could adversely affect certain Limited Partners, depending upon the timing of their contribution to or withdrawal from the Fund.

No Separate Counsel; No Responsibility; No Independent Verification. Seward & Kissel LLP represents the General Partner, Whitebox, the Fund, the Offshore Fund and the Master Fund (collectively, the "Parties") as U.S. counsel. Mourant Ozannes acts as Cayman Islands counsel to the Offshore Fund and the Master Fund. Neither Seward & Kissel LLP nor Mourant Ozannes represents investors in the Fund and no independent counsel has been retained to act on behalf of the Limited Partners. Neither Seward & Kissel LLP nor Mourant Ozannes is responsible for any acts or omissions of the Parties (including their compliance with any guidelines, policies, restrictions or applicable laws, or the selection, suitability or advisability of their investment activities) or any administrator, accountant, custodian/prime broker or other service providers to the Parties. This Memorandum was prepared based on information furnished by the General Partner and Whitebox; neither Seward & Kissel LLP nor Mourant Ozannes has independently verified such information.

THE FOREGOING LIST OF "SPECIAL CONSIDERATIONS AND RISK FACTORS" DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE FUND. PROSPECTIVE INVESTORS SHOULD READ THIS ENTIRE MEMORANDUM AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO SUBSCRIBE.

BROKERAGE AND PORTFOLIO TRANSACTIONS

Whitebox retains the authority to select broker-dealers to execute the Master Fund's transactions and determines the brokerage commission rate paid by the Master Fund. Whitebox has no obligation to deal with any particular broker-dealer in the execution of transactions in portfolio securities. In selecting brokers-dealers and negotiating commission rates, Whitebox will take into account the financial stability and reputation of brokerage firms and the quality of the brokerage and research services provided by such broker-dealers, although the Master Fund may not, in any particular instance, be the direct or indirect beneficiary of the research services provided. In executing such transactions, Whitebox seeks to obtain best execution for its transactions. "Best execution" includes, but is not limited to, several factors such as best price, including commissions, capital position of the broker, ability to consummate and clear trades in an orderly and satisfactory manner, consistent quality of service, risks taken in positioning a block of securities, and broad market coverage resulting in a continuous flow of information regarding bids and offers. While Whitebox generally seeks reasonably competitive commission rates, the Master Fund does not necessarily pay the lowest commission or mark-up.

When Whitebox determines it is in the best interest of the Master Fund to obtain certain products or services using “soft dollars,” all such use of commissions or “soft dollars” generated by the Master Fund will fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Whitebox has entered into a commission sharing arrangement (“CSA”). The CSA permits Whitebox to enhance the quality of execution and consolidate payments for research services using accumulated client commissions from securities transactions with certain executing brokers whereby the executing broker agrees to an “execution only” commission rate to be subtracted from the “full service” commission rate. The executing broker retains the execution only commission portion as payment for execution services and the balance of the commission will be redirected to one or more third parties, determined by Whitebox, as payment for research services that they have provided. Pursuant to the CSA, the broker-dealer sponsoring the CSA program maintains the balance of commissions in a consolidated account (commission credits) on behalf of Whitebox. Upon Whitebox’s instruction, the broker-dealer directs commission credits to providers of research services. Whitebox makes a good faith determination as to the value of the research services obtained through the commission pooling program and may obtain input as to the value of such research services from the service providers participating in the program. The research service providers are compensated directly by the broker-dealer sponsoring the CSA from a pool of commissions that are set aside by the broker-dealer for use by Whitebox to obtain the research services. Whitebox delegates to certain of its affiliates the discretion to select certain brokers. Whitebox Advisors London, LLP is subject to the revised Markets in Financial Instruments Directive (“MiFID II”), and to the extent that it receives research in connection with its trading, it will do so in accordance with MiFID II in a research payment account.

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

Under Section 28(e), research and execution-related services obtained with soft dollars generated by the Master Fund may be used by Whitebox to service accounts other than the Master Fund. Where a product or service obtained with soft dollars provides both eligible and non-eligible services and/or products to Whitebox, Whitebox will make a reasonable allocation of the cost which may be paid for with soft dollars. Eligible products or services provided to Whitebox pursuant to these “soft dollar” arrangements may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities and other eligible execution-related products and services providing assistance to Whitebox in the performance of its investment decision making responsibilities. Whitebox may also utilize these “soft dollar” arrangements for non-research assistance, such as execution services.

Certain other clients of Whitebox may have investment objectives and strategies similar to those of the Master Fund. Therefore, Whitebox may, from time to time, make recommendations or place orders that result in the purchase or sale of a particular investment for such clients simultaneously with the Master Fund. If transactions on behalf of more than one client during the same period increase the demand for the investments being purchased or the supply of investments being sold, there may be an adverse effect on price or availability. It is the policy of Whitebox to allocate advisory recommendations and trades fairly and equitably over time among client accounts, including the Master Fund, in accordance with written trade allocation policy and procedures then in effect. When two or more of the clients of Whitebox (including the Master Fund) are purchasing or selling the same security on a given day from, to or through the same broker-dealer, such transactions will typically be averaged as to price.

FEES AND EXPENSES

The Fund bears all of its operating and other expenses as well as its proportionate share of the Master Fund's expenses (into which all investable Fund assets are invested). The Fund's expenses include, but are not limited to:

- costs and expenses in connection with purchasing, holding, selling or exchanging securities and other assets (whether or not ultimately consummated), including brokerage fees, interest on borrowed money, real or personal property taxes on investments, costs and expenses in connection with the registration of investments under applicable securities laws, and related legal, professional, accounting and other fees and expenses;
- fees and expenses in connection with the maintenance of bank, brokerage or custodial accounts;
- legal (including offering document updates and supplements), accounting, administration, auditing, bookkeeping, tax compliance services and tax return preparation, performance verification, consulting, valuation and other professional fees and expenses;
- premiums for insurance in which the Fund is a named beneficiary, including, without limitation, errors and omissions, directors and officers and cybersecurity insurance;
- costs and expenses in connection with meetings of and communications with Limited Partners and maintenance of online portals for the delivery of information, transparency and reports to Limited Partners, prospective Limited Partners, counterparties and service providers (such portals may include, without limitation, third-party risk aggregation services and other client reporting tools);
- costs or expenses in connection with the maintenance or operation of the Oversight Committee, including fees payable to independent members of the Oversight Committee;
- costs of research (including subject matter experts and other consultants), data, data delivery systems, execution services and related software and hardware that are of benefit to the Fund or the Master Fund and not otherwise provided by brokers (e.g., systems and tools, such as Bloomberg, Thomson Reuters, Markit, IDC, Capital IQ, and similar tools and systems) utilized by Whitebox or the General Partner in connection with the following, without limitation,: (1) the management and operation of the Fund and the Master Fund; (2) the evaluation and monitoring of investments and potential investments; (3) fundamental, qualitative and quantitative analysis; (4) risk oversight, including stress testing, monitoring risk thresholds and adherence to investment guidelines; (5) valuation of the Master Fund's investment portfolio, including the cost of data, tools and pricing services utilized by Whitebox or the Administrator; and (6) costs of the settlement of investment transactions (while the Fund and the Master Fund bear such costs described in items (1) through (6) of this paragraph, Whitebox and the General Partner also will use or benefit from certain of the foregoing and will not reimburse the Fund or the Master Fund for that use);
- costs and fees relating to preparation and filing of required regulatory filings and reports in the United States (including state-specific filings and reports) and foreign jurisdictions (including, without limitation, filings under the Securities Act of 1933, as amended (the "Securities Act"), such

as Form D, filings under the Securities Exchange Act of 1934, such as Section 13 and Section 16 filings, investment company related filings under the Investment Company Act and the Investment Advisers Act of 1940, as amended (the “Advisers Act”), such as Form PF, filings under the Commodity Exchange Act, state “blue sky” filings, filings in connection with International Swaps and Derivatives Association (“ISDA”) protocols, such as ISDA protocol adherences, filings and reporting in connection with AIFMD) and tools and systems put in place to comply with the foregoing;

- costs and fees incurred in connection with the preparation and provision of transparency, Open Protocol and similar reports;
- registered agent and office costs and expenses (including costs and expenses related to, corporate services and administrative services) and other regulatory costs and expenses, including fees and expenses associated with investors and prospective investors in the United States and foreign jurisdictions (including in connection with the appointment of officers pursuant to applicable anti-money laundering laws);
- taxes applicable to the Fund or the Master Fund on account of its operations;
- costs and expenses arising out of the Fund’s or the Master Fund’s indemnification obligations;
- investment-related travel expenses;
- costs, fees and expenses in connection with the formation, operation and liquidation of special purpose vehicles through which the Fund or the Master Fund may invest; and
- costs and expenses in connection with the liquidation of the Fund or the Master Fund.

The General Partner and Whitebox are entitled to prompt reimbursement out of Fund or the Master Fund assets for any of such expenses incurred on the Fund’s or the Master Fund’s behalf.

WITHDRAWALS

As more completely described in “Summary of Principal Terms,” Limited Partners may, subject to the conditions and limitations set forth therein, generally make a withdrawal of all or a portion of its Capital Account on a quarterly basis. ***Restrictions may be placed on withdrawals. Please review the Partnership Agreement before investing.***

CROSS TRANSACTIONS

Whitebox and its affiliates may determine from time to time to effect securities trades (including outright purchases and sales) between the Master Fund and other clients of Whitebox or its affiliates (this trading practice is sometimes referred to as “cross trading”). Any cross trading transactions conducted between the Master Fund and other clients of Whitebox or its affiliates will be made at the then market rate for similar transactions between unrelated parties and only where an independent pricing mechanism (such as the last sales price on the exchange where the security is principally traded or the average of the most recent bid and ask prices on such exchange) is available. Transactions between the Master Fund and other clients of Whitebox or its affiliates are effected for no consideration other than cash payment against prompt delivery of the relevant security or other instrument, are effected at current market prices, and do not involve any brokerage commissions, clearing charges, other transaction costs or fees, or other remuneration. When the assets of the Master Fund are deemed to be “plan assets” subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), Whitebox will not cause the Master Fund to engage in cross transactions.

POTENTIAL CONFLICTS OF INTEREST

Non-Exclusive Relationship. Whitebox is subject to various conflicts of interest in the performance of its duties and obligations for the Fund and the Master Fund. The services of Whitebox are not exclusive

and Whitebox and its affiliates provide similar services to other clients, some of which have investment objectives and strategies similar to those of the Fund and the Master Fund. The Master Fund may therefore invest in securities in which other funds or accounts managed by Whitebox and/or its affiliates also invest. In addition, Whitebox and/or its affiliates may give advice and recommend securities to, or buy or sell securities for, such funds or accounts that may be different from the advice given to, or securities recommended for, the Master Fund even though the investment objectives of such funds or accounts may be the same as, or similar to, those of the Master Fund. There can be no assurance that the Master Fund will be afforded comparable investment opportunities to those directed to such other funds or accounts managed by or advised by Whitebox and its affiliates. Whitebox and its portfolio managers will devote as much of their business time to the Master Fund as they shall determine is appropriate. However, Whitebox and its portfolio managers have other business responsibilities. While Whitebox believes that there is generally a commonality of interest among its various business responsibilities, conflicts may arise in certain situations.

Investments in Different Parts of the Corporate Structure. The Master Fund may, from time to time, make multiple investments in a company whether in different parts of the capital structure (e.g., equity and debt) or otherwise. Additionally, the Master Fund may, from time to time, make an investment in a company in which one or more Other Clients (as defined below) may have or make investments whether in different parts of the capital structure of such company or otherwise. To the extent that the Master Fund holds securities in a company with rights, preferences and privileges that are different than those held by Other Clients in the same company, Whitebox may be presented with decisions when the interests of the Master Fund and the Other Clients are in conflict. It is possible that in a bankruptcy proceeding, out-of-court restructuring or other corporate action, the Master Fund's interest may be subordinated or otherwise adversely affected by virtue of the Other Clients' involvement and actions relating to its investment. As a result, Whitebox may have a conflict with respect to voting the securities of such issuers and other matters relating to various investments. In addition, such ownership and other relationships may result in securities laws restrictions on transactions in such obligations by the Master Fund and/or Whitebox and otherwise create conflicts of interest for the Master Fund and/or Whitebox. Whitebox will seek to address such conflicts in a manner that it believes to be fair and reasonable to the Master Fund and its Other Clients over time and based on the particular factual circumstances.

Incentive Allocation. The Incentive Allocation may create an incentive for Whitebox, an affiliate of the General Partner, to make investments for the Master Fund that are riskier or more speculative than would be the case in the absence of the Incentive Allocation. The performance of the Fund on which the Incentive Allocation is calculated will include unrealized appreciation and depreciation of Master Fund investments which may not ultimately be realized by the Master Fund and, therefore, the Fund and Partners. The amounts of Incentive Allocation are variable and cannot be determined in advance. Depending on the Fund's total return, the amount of Incentive Allocation may be high compared to a fixed fee paid to an investment manager for managing a comparable amount of money.

Side Letter Agreements. The Fund has, and subject to Oversight Committee approval, may again from time to time enter into a side letter or similar agreement with a Limited Partner which has the effect of establishing rights under, or altering or supplementing the terms of the Partnership Agreement. For example, such terms and conditions may provide for special redemption-related rights (such as the aggregation of related investor capital in the calculation of the Withdrawal Fees, and limitations on mandatory withdrawals from the Fund); a reduction or rebate in the Management Fee or Incentive Allocation; confirmation of reporting and notice rights that are generally provided to all Limited Partners; rights to receive risk aggregation reports from third parties regarding the Fund's portfolio; representations and warranties by the General Partner and Whitebox; and such other rights as may be negotiated by the Fund and such Limited Partners. The modifications may, among other things, be based on the size of the Limited Partners' investment in the Fund or affiliated investment entity, an agreement by a Limited Partner

to maintain such investment in the Fund for a significant period of time, or other similar commitment by a Limited Partner to the Fund. Any information or data in any report or notice provided to side letter recipients may be available to any other investor upon request, or available from third parties at the expense of the requesting investor. In addition, Whitebox has entered into an agreement with an investor which provides such investor with the right to invest in certain private investment funds managed by Whitebox up to a specified percentage of the total assets under management of such private investment funds.

Participation of Affiliates of the General Partner in Organization of Fund. An affiliate of the General Partner and Whitebox and their respective principals participated in the structuring and organization of the Fund and the Master Fund. Thus, the selection of the General Partner and Whitebox as well as the setting of the Management Fee and Incentive Allocation, were not the result of arms-length negotiation.

Capital Introductions and Private Placement Agents. The selection of a broker (including the Prime Brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances, and provide other services may be influenced by, among other things, the provision by the broker of the following: capital introduction, marketing assistance, consulting with respect to technology, operations, equipment, commitment of capital, access to company management, and access to deal flow. Neither Whitebox nor the Fund separately compensates any broker for any of these other services. However, Whitebox, on behalf of the Fund, may also appoint an affiliate of a broker to provide capital raising or other promotional services, for which services the relevant affiliate will be compensated by Whitebox.

Additionally, Whitebox has entered into and may enter into additional agreements with broker-dealers or investment advisers that are referred to as “Solicitation Agreements” or “Placement Agent Agreements”. Pursuant to these agreements, Whitebox and/or the General Partner may agree to pay a percentage of the Management Fee and/or Incentive Allocation collected from Limited Partners to the referring broker-dealer or investment adviser.

Placement agents may, among other things, act as prime broker to the Master Fund, act as trading counterparty to the Master Fund or the Other Clients (as defined below), execute transactions at the direction of Whitebox, provide financing and securities on loan, hold cash and short balances, as well as provide other customary services such as capital introduction, marketing assistance, consulting with respect to technology, operations, and equipment, commitment of capital, access to company management, and access to deal flow. This creates a conflict of interest in that Whitebox may be incentivized to place an increased number of transactions through the placement agent, or finance a larger portion of the Fund’s and Offshore Fund’s assets, as compensation for solicitation activities. Notwithstanding the above, Whitebox has implemented procedures designed to ensure that Whitebox seeks to attain best execution for all transactions, irrespective of the degree to which the placement agent introduces potential investors for the Fund and the Offshore Fund.

Expense Allocation. The Fund bears its own expenses as described in the “Fees and Expenses” section of this Memorandum. Whitebox and the General Partner (and their respective members, principals, affiliates and employees) serve as investment adviser and investment manager to other client accounts and conduct investment activities for their own accounts (“Other Clients”). Each Other Client bears its own expenses as set forth in its respective investment management or other agreement with Whitebox or its affiliates. Expenses borne by the Other Clients may differ from the expenses borne by the Fund. In certain instances, the Fund may bear expenses that Whitebox and/or the General Partner has agreed to bear for one or more Other Clients. In other instances, the Other Clients may bear expenses that Whitebox and/or the General Partner has agreed to bear for the Fund.

Common expenses frequently will be incurred on behalf of the Fund and one or more Other Clients. Whitebox and the General Partner seek to allocate those common expenses among the Fund and the Other Clients in a manner that is fair and reasonable over time. However, expense allocation decisions will involve potential conflicts of interest among clients (e.g., an incentive to favor accounts that allocate or pay higher incentive allocations or fees, or conflicts relating to different expense arrangements with certain clients) and between clients and Whitebox and/or the General Partner. Whitebox and/or the General Partner will use various methods to allocate particular expenses among the Fund and the Other Clients depending on the circumstances (e.g., pro rata based on assets under management, relative participation in the transaction related to the expense, general amount of trading activity, ratably based on the number of clients participating without regard to the size of clients etc.). The determination as to the method or methods used may be based on relative use of the product or service, the nature or source of the product or service, the relative benefits derived by the Fund and the Other Clients from the product or service, or other relevant factors. Generally, most allocations of common expenses will be based on assets under management, unless Whitebox and/or the General Partner determine that another method of allocation more accurately reflects the benefit derived by the Fund as compared to Other Clients. Nonetheless, investors should note that the portion of a common expense that Whitebox and/or the General Partner allocates to the Fund for a particular product or service, may not reflect the relative benefit derived by the Fund from that product or service in any particular instance.

Further, Whitebox and/or the General Partner will benefit from certain products and services paid for by the Fund, the Master Fund and/or Other Clients and thus, the Fund may not necessarily, in any particular instance, be the direct or exclusive beneficiary of a service or product for which it bears the expense. Specifically, Whitebox uses data and data delivery systems (such as Bloomberg terminals or similar systems and tools) for settlement of investment transactions, maintenance of Whitebox's restricted securities list, security pricing and other services paid for in part by the Fund. In addition, Whitebox uses risk reporting, data and systems paid for in part by the Fund for the provision of investment management services to the Fund and the Other Clients and for purposes of Limited Partner and prospective Limited Partner reporting, including in connection with risk oversight and monitoring, stress testing and monitoring adherence to investment guidelines for the benefit of the Fund and for Other Clients. Whitebox benefits from using these services and products without having to pay for them at the expense of the Fund. In the event that Whitebox is acting as an ERISA fiduciary to the Master Fund, the benefits derived by Whitebox and/or the General Partner will be (a) such that the service or product would not have been retained or acquired by Whitebox and/or the General Partner but for the service and/or product being used by the Fund, the Master Fund and Other Clients; and (b) incidental to the utility of the product or service to the Fund, Master Fund and Other Clients.

Whitebox and the General Partner have a conflict of interest in determining whether a service or product that it uses should be borne by the Fund or the Master Fund, which determination is inherently subjective, and Whitebox and the General Partner exercise good faith in all such determinations.

OVERSIGHT COMMITTEE

The General Partner of both the Fund and the Master Fund is Whitebox General Partner LLC. Pursuant to the Partnership Agreement, the General Partner has selected a committee of four persons to serve as an "Oversight Committee" (as described below). The members of the Oversight Committee include William Harris and Calum McKenzie of Hatstone Trust Company Limited, George Bashforth of Crestbridge Cayman Limited and Richard Gordon of Estera Trust (Cayman) Limited, none of whom is affiliated with the General Partner. The members of the Oversight Committee also serve as members of a similar oversight committee for the Master Fund and on the board of directors or similar governing body or oversight committee for any other feeder fund that invests substantially all of its assets into the Master Fund.

George Bashforth. George Bashforth is a Director of Crestbridge Cayman Limited and a member of the executive management team of the Cayman Islands office. Mr. Bashforth works on a wide range of investment fund products, including multi-manager funds, hedge funds and private equity funds. He also provides other services to other clients such as calculation, valuation and determination agent for swaps transactions. Previously, Mr. Bashforth was Head of Directorship Services at Appleby Trust (Cayman) Limited where he oversaw governance and administration services to a wide range of alternative investment vehicles, including CLOs, asset/project finance SPVs, hedge funds and private equity funds. Prior to that, Mr. Bashforth worked at Maples Fiduciary Services, where he was a Senior Vice President in their Funds Fiduciary Division, providing fiduciary services to a wide range of hedge and private equity funds. Before that, he worked at Goldman Sachs International in London, where he worked in the Cash Management team, funding the firm's short term liquidity requirements throughout Europe, the Middle East and Asia. In this role he traded repo, FX (tom/next roll and same day) and overnight money markets. Mr. Bashforth graduated with an MBA in Finance from CASS Business School in 2005 and received his undergraduate degree in Economics from the University of the West of England in 1996. He is a member of the Cayman Islands Directors Association. He also holds the Accredited Director designation from Chartered Secretaries Canada and is a Certified Hedge Fund Professional. He also has passed his SFA (now FCA) Registered Representative (Securities and Futures & Options Representative).

William Harris. William Harris is an independent consultant within the financial services sector with a concentration in the fund and corporate services industries. Having spent over 25 years in the industry, Mr. Harris has extensive experience as a fund director having provided fiduciary services to a range of hedge funds and private equity funds. Further, Mr. Harris has advised on all aspects of the fund life cycle including structuring, operations, accounting, administration, regulatory compliance and liquidation. Prior to becoming an independent consultant, Mr. Harris spent 15 years with Folio Administrators Limited in the British Virgin Islands, ultimately holding the position of Managing Director with responsibility for providing strategic direction and oversight for all companies within the group. Previously, he held various positions within the fund industry with BNP Paribas Security Services, Standard Life Investments, Direct Line Unit Trusts and The WM Company. Mr. Harris is a Fellow of the Association of Chartered Certified Accountants and graduated from the University of Dundee with a Master of Arts in Financial Economics.

Calum McKenzie. Calum McKenzie has been working as the Operations Director of Hatstone Trust Company Limited (formerly Folio Corporate Services Limited) since 2005. Since graduating in the UK in 1996 with a BA (Hons) in Business Studies, he has garnered in excess of twenty years working in fiduciary services, including providing director and trustee services to entities varying greatly in terms of structural complexity, asset value and activity, more lately with a focus on providing services to mutual funds. Aside from being the Operations Director of Hatstone Trust Company Limited, Mr. McKenzie is presently approved as a director in a number of offshore jurisdictions including the Cayman Islands, Barbados, Nevis and Anguilla. He is presently a Council member of the BVI Investment Funds Association, a former member of the BVI FSC Fiduciary and Registry Liaison Committee, providing operational advice and guidance to the BVI Financial Services Commission and a former Council member of the BVI Association of Registered Agents. Mr. McKenzie is a Member of the Institute of Directors, London, a member of the Association of Certified Anti-Money Laundering Specialists and a BVI FSC approved Compliance Officer and Anti-money Laundering Reporting Officer. Mr. McKenzie is a British citizen and has been resident in the British Virgin Islands since 1998.

Richard Gordon. Richard Gordon is a Director at Estera Trust (Cayman) Limited and has oversight and responsibility for the Corporate and Funds businesses. With 15 years of experience, Mr. Gordon provides independent director services to a wide range of offshore and onshore investment funds and corporate structures. Prior to joining Estera in 2013, Mr. Gordon was a Senior Vice President at another Cayman Islands fiduciary firm where he provided independent director services to Cayman and Luxembourg entities, including regulated investment funds, holding companies, insurance structures, securitization vehicles and intellectual property structures. In addition, his role involved overseeing the provision of accounting services to clients in accordance with IFRS and US GAAP as well as the provision of liquidation services in accordance with Cayman legal and regulatory requirements. Prior to that, Mr. Gordon was based in London and worked on the Structured Loan book at a large London bank and as an Investment Accountant at The Bank of New York, London Branch. Mr. Gordon is registered as an Accredited Director with ICSA Canada, a member of the Cayman Islands Directors Association, the Cayman Islands Society of Professional Accountants and the South African Institute of Chartered Accountants. Mr. Gordon is a qualified Chartered Accountant, having articulated with Deloitte, and holds a Bachelor of Accounting degree from Rhodes University in South Africa, and a Postgraduate degree in Advanced Taxation from the University of South Africa.

The Oversight Committee generally meets quarterly or at such other times as may be necessary or desirable. Each of the following matters shall require the approval, consent or ratification of a majority of the then-serving members of the Oversight Committee:

- the engagement, termination or replacement of the Fund's independent auditors;
- any material amendments to or divergences from the valuation policy pursuant to which the Fund assets are valued;
- the form and content of audited financial statements of the Fund;
- any transfer by an investor of such investor's Interest where the transfer represents a change in beneficial owner to a person other than an affiliate of an existing Partner;
- any issuance or redemption of Interests at a time other than the time specified in this Memorandum;
- any material modification to the Fund's investment objectives or principal strategy, as reflected in this Memorandum;
- the proposed issuance of Limited Partner Interests with rights and preferences other than as reflected in this Memorandum (including, but not limited to, the approval of a proposed side letter with any Partner);
- any determination to suspend (or to subsequently resume) the determination of Net Asset Value;

- any determination to suspend or delay (or to subsequently resume) the effectiveness of any withdrawals or the payment of proceeds in connection therewith;
- any determination to make an in kind distribution;
- any modifications to the rules and procedures by which the Oversight Committee operates; and
- any other matter expressly described in this Memorandum as requiring the approval, consent or ratification of the Oversight Committee.

The Oversight Committee may delegate certain authority to Whitebox subject to certain conditions, including providing notice to the Oversight Committee of the exercise of any delegated authority. In addition to customary compensation, the members of the Oversight Committee may be paid all traveling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Oversight Committee or any other meetings in connection with the business of the Fund or the Master Fund. Each Oversight Committee member shall serve until his or her resignation, termination or replacement in accordance with the Limited Partnership Agreement.

Each member of the Oversight Committee is independent of the General Partner. However, an Oversight Committee member may be a party to, or otherwise interested in, any transaction or arrangement with the Fund or the Master Fund (or in which the Fund or the Master Fund is interested), provided that the member has disclosed to the Oversight Board, prior to the conclusion of any such transaction or arrangement, the nature and extent of any interest of its therein. A member of the Oversight Committee may vote in respect of any contract or arrangement or any proposal whatsoever in respect of which the member has an interest, having first disclosed such interest. At the date of this Memorandum, and except as disclosed herein, the Oversight Committee members do not have any interest, beneficial or otherwise, in the share capital of the Fund or any interest in the Fund or in any agreement or arrangement with the Fund or the Master Fund (other than the services agreement between the Fund and each member of the Oversight Committee, which is on standard terms).

To the extent permitted, the Fund will exculpate and indemnify each Member of the Oversight Committee from and against any loss, liability, cost or expense suffered by a member of the Oversight Committee by reason of the fact that the person was or is a member of the Oversight Committee, including any judgment, settlement, reasonable attorney's fees and other costs or expenses incurred in connection with the defense of any actual or threatened action or proceeding, provided that the member acted honestly and in good faith with a view to the best interests of the Fund and the Master Fund and, in the case of criminal proceedings, the member had no reasonable cause to believe that their conduct was unlawful.

MANAGEMENT OF THE FUND

The General Partner

The general partner of the Fund is Whitebox General Partner LLC, a Delaware limited liability company. The General Partner is an affiliate of Whitebox Advisors LLC, a Delaware limited liability company.

The Investment Manager

Whitebox serves as the investment manager of the Fund and the Master Fund. Whitebox is registered as an investment adviser with the SEC under the Advisers Act. The address of Whitebox, the General Partner and the Fund is 3033 Excelsior Blvd, Suite 500, Minneapolis, Minnesota 55416; Telephone: (612) 253-6001; Fax: (612) 253-6100.

Whitebox receives research, trading support services and other investment services from Whitebox Advisors Australia Pty. Ltd. and Whitebox Advisors London, LLP, each of which is wholly owned or majority-owned, respectively, by Whitebox. No additional fees will be charged to the Fund in connection with these services.

Whitebox and the General Partner are owned by Robert Vogel, Paul Twitchell, Paul Roos, Jacob Mercer and Mark Streffling. Dyal Capital Partners II (A), LP and Dyal Capital Partners II (B), LP (together, the “Dyal Fund”), a private fund managed by an affiliate of Neuberger Berman, holds minority equity interests in each of Whitebox and the General Partner. The Dyal Fund is not involved in the day-to-day management of Whitebox or the General Partner and has no control over the investment decisions of the Fund. However, the business services platform affiliated with the Dyal Fund may provide various consulting services to Whitebox, including business development, talent management, and operational and business best practices consultation. While certain investors in the Dyal Fund may also be investors in the Fund, confidentiality obligations applicable to the Dyal Fund preclude the dissemination of certain confidential information relating to Whitebox, the General Partner or the Fund to such investors.

Legal Proceeding

In April 2014, Whitebox received a confidential information inquiry from the SEC in connection with the purchase of shares in a secondary public offering which occurred in 2012. Whitebox fully cooperated with the SEC and voluntarily reviewed historical trading activity to identify any other potential instances of inadvertent violations of Rule 105. Based on this review, Whitebox identified four additional instances in 2011 and 2012 where Whitebox participated in a secondary offering during a restricted period. All of these instances were voluntarily disclosed to the SEC.

In August 2014, Whitebox voluntarily submitted an Offer of Settlement with respect to the five alleged violations of Rule 105 of Regulation M under the Exchange Act, without admitting or denying the SEC’s allegations. The SEC accepted the Offer of Settlement, and imposed a Cease-and-Desist Order from future violations of Rule 105. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by Whitebox and cooperation afforded to SEC staff.

The violations allegedly occurred between January 2011 and June 2012. Rule 105 generally prohibits purchasing an equity security in a registered follow-on public offering if the purchaser sold short the same security during a restricted period. The Rule 105 restricted period is the shorter of the period: (1) beginning five business days before the pricing of the offered securities and ending with such pricing; or (2) beginning with the initial filing of a registration statement or notification on Form 1-A or Form 1-E and ending with the pricing.

Rule 105 is prophylactic and prohibits the conduct irrespective of the short seller’s intent in effecting the short sale. The settlement involved the payment by Whitebox (without any contribution from any client account) of disgorgement of \$788,779, prejudgment interest of \$48,553.49 and a civil money penalty of \$365,592.83 (for a total of \$1,202,925.30) to the U.S. Treasury.

As a result of representatives of Whitebox serving on the boards of portfolio companies, Whitebox or its representatives have been, and in the future may be, sued. See “SPECIAL CONSIDERATIONS AND RISK FACTORS” above.

Investment Committee

The investment committee of Whitebox (the “Investment Committee”) is comprised of senior personnel of Whitebox and meets on a periodic basis (generally bi-weekly). The Investment Committee evaluates investment opportunities and idea generation, performs comprehensive risk management reviews, and monitors allocations of capital, investment guidelines and compliance with established risk thresholds. The Investment Committee meetings are a primary forum for the discussion of market opportunities and risks and the generation and evaluation of investment ideas. The agenda topics will normally include items such as the following: (i) review investment performance; (ii) review allocation schemes; (iii) risk management review; (iv) investment opportunities and idea generation; (v) discuss relevant regulatory changes; and (vi) discuss strategy outlook and views on market conditions.

Key Investment Personnel

Key investment personnel of Whitebox, for purposes of the Key Person Withdrawal, are Paul Twitchell and Robert Vogel, and biographical information concerning each of them is below.

Paul Twitchell. Paul Twitchell joined Whitebox in 2005. As of January 2017, Mr. Twitchell is the Co-Chief Investment Officer of Whitebox. Mr. Twitchell was previously the Head of Non-Corporate Credit and Macro, and he started at Whitebox as a senior trader, trading convertibles, options and capital structure opportunities. He has served as Whitebox’s head of event strategies since 2010. Before joining Whitebox, Mr. Twitchell was employed at EBF & Associates for more than seven years where he managed a convertible bond portfolio. Mr. Twitchell began his career with Cargill, Inc. in 1992 assisting the North American, European and Emerging Market trading desks. He spent time on the mortgage desk and assisted in the development of the North American sovereign debt arbitrage desk with a focus on U.S. and Canadian fixed income arbitrage. He received a BA in Elective Studies from St. Cloud State University in 1995.

Robert Vogel. Robert Vogel joined Whitebox shortly after the firm was founded in 1999. Mr. Vogel was previously the Head of Corporate Credit and Relative Value, and as of January 2017, Mr. Vogel is the Co-Chief Investment Officer of Whitebox and continues oversight of Relative Value and Fixed Income strategies. Prior to joining Whitebox, Mr. Vogel worked for EBF & Associates from 1996 to 1999. His team was responsible for managing a \$200 million U.S. convertible bond book. Prior to joining EBF & Associates, he worked as an actuary and ran statistical models to estimate insurance reserves at KPMG. Mr. Vogel received a BS in Applied Mathematics and Statistics from the University of Florida in 1991 and an MBA from the University of Minnesota in 1997.

Additional information regarding the General Partner, Whitebox and persons responsible for the management of the Fund is available from the General Partner upon request.

Key Person Event

The General Partner will provide Limited Partners with prompt written notice in the event that either of Messrs. Vogel or Twitchell are no longer actively involved in the business of Whitebox (a “Key Person Event”). Following the provision of such notice, each Limited Partner shall have 30 days to notify the General Partner of its desire to withdraw all, but not less than all, of its Interests on the terms described

below (a “Key Person Withdrawal”). Key Person Withdrawals will be effective as of the next Withdrawal Day (as defined below) that is at least 45 days following the occurrence of the Key Person Event.

The Oversight Committee, in consultation with the General Partner, may at its election effect Key Person Withdrawals by establishing a liquidating trust (or similar special purpose vehicle) to receive a distribution or allocation of securities in kind (equivalent in net asset value as of the withdrawal date of Interests being withdrawn), in which case (i) payment to each Limited Partner of that portion of his withdrawal attributable to such securities will be delayed until such time as such securities are liquidated, and (ii) the amount otherwise due such partner will be increased or decreased to reflect the performance of such securities through the date on which the liquidation of such securities is effected. To the extent practical, in kind securities distributed or allocated to the liquidating trust will be generally representative of the Master Fund’s portfolio as a whole. The Oversight Committee, in consultation with the General Partner, reserves the right to effect a Key Person Withdrawal through payment to a withdrawing Limited Partner in cash, in securities in kind, or in a combination of cash and securities.

Securities in a liquidating trust will be liquidated in an orderly manner for the benefit of withdrawing Limited Partners, taking account the interests of the Fund as well as the liquidating trust. The liquidating trust may hold concentrated positions in certain securities. Proceeds of such liquidation would, under normal market conditions, be distributed 6 months of the effective date of the Key Person Withdrawal.

Key Person Withdrawals will not be subject to a withdrawal fee but will be subject to the customary provision of Management Fee and Incentive Allocation through the effective date of the Key Person Withdrawal. Assets in the liquidating trust will remain subject to the Management Fee and expense reimbursement provisions of the Fund from the effective date of the Key Person Withdrawal until liquidated, but will not be subject to any further Incentive Allocation.

Securities and instruments in a liquidating trust may not be readily marketable or saleable at favorable prices and may have to be held for an indefinite period of time. There can be no assurance that any specific liquidation schedule or date will be met or that any particular valuation will be realized upon liquidation. The risk of loss and delay in liquidating these securities (including any expenses involved in the organization and maintenance of a liquidating trust) will be borne by the withdrawing Limited Partners, pro rata in relationship to their interest in the liquidating trust, with the result that such Limited Partners may receive less cash than it would have received on the date of withdrawal.

Partnership Agreement

The Partnership Agreement provides that the General Partner, its affiliates, and their respective directors, governors, shareholders, representatives, members, partners, officers, employees and agents and members of the Oversight Committee, will not be liable to any Limited Partner or the Fund for any action or inaction relating to the Fund under the Partnership Agreement, except for an action or inaction constituting intentional misconduct, bad faith, fraud, gross negligence, material breach of the Partnership Agreement or a violation of U.S. federal securities law, in each case as determined in a final order by a court of competent jurisdiction. *Prospective investors should note that U.S. securities laws impose liabilities on investment advisers and others under certain circumstances and, notwithstanding anything in an investment management agreement, or in the Fund’s Subscription Agreement to the contrary, nothing herein or therein will be deemed to waive or limit any right the Fund or any Limited Partner may have under any of those laws.*

The Partnership Agreement also provides that the Fund will indemnify the General Partner, its affiliates, and their respective directors, governors, shareholders, representatives, members, partners,

officers, employees and agents and members of the Oversight Committee, for damages, settlements, fees and expenses arising from claims and actions relating to the Fund or its affairs. However, indemnification will not extend to the conduct of an indemnified person which a court finds to be the result of the bad faith, fraud, gross negligence, material breach of the Partnership Agreement or intentional wrongfulness or a violation of U.S. federal securities laws of such indemnified person or if the court determines that applicable law prevents indemnification. Expenses incurred by any indemnified party in defending an eligible claim or proceeding will be paid by the Fund in advance of the final disposition of such claim or proceeding provided the party undertakes to repay such amount if it is ultimately determined that the party was not entitled to be indemnified by the Fund.

Notwithstanding anything to contrary herein, no exculpation or indemnification under the Partnership Agreement will be permitted to the extent (and only to the extent) that it is prohibited by Title I of ERISA.

The Administrator

The Fund has entered into an administration agreement (the “Administration Agreement”) with HedgeServ (Cayman) Limited (the “Administrator”). The Administrator is currently responsible for among other things (i) calculating the Fund’s net asset value (“NAV”) in accordance with the Fund’s valuation policies, (ii) maintaining the Fund’s books and records, (iii) preparing the Fund’s financial statements, (iv) processing subscriptions and withdrawals, (v) maintaining the Fund’s Partner register, (vi) providing independent treasury and collateral management services and (vii) other accounting and administration services as agreed from time to time.

The services provided by the Administrator also include (i) verifying the identity of prospective investors in accordance with applicable anti-money laundering policies and procedures; (ii) disseminating the Fund’s NAV to the Limited Partners; (iii) furnishing annual financial statements, as well as monthly investor statements to Limited Partners; (iv) approving of all expenses borne by the Fund and (v) performing certain other administrative and clerical services in connection with the administration of the Fund as agreed between the Fund and the Administrator. The Administrator will also be responsible for disbursing payments of fees to the Fund’s service providers.

For the purposes of calculating the NAV of the Fund, the Administrator will follow the valuation policies and procedures adopted by the Fund. See “DETERMINATION OF NET ASSET VALUE” below.

The Fund pays the Administrator an administration fee based on a sliding scale basis point fee calculated on the Fund’s assets plus out of pocket expenses, subject to a monthly minimum.

The Administrator will be indemnified out of the assets of the Fund against all liabilities and actions arising from performance of its services under the Administration Agreement, including reliance on third party data providers, except in cases of fraud, willful default, Gross Negligence or Willful Misconduct (each as defined in the Administration Agreement) by the Administrator.

The Administration Agreement can be terminated at any time by either party subject to 90 days written notice.

Selling Agents

Selling agents may be engaged to refer prospective Fund investors to Whitebox (the “Selling Agents”). In connection with successful referrals, the Selling Agents may be compensated by Whitebox out of the fees and other compensation earned by Whitebox. No selling commissions will be charged to

investors, and the Fund will not pay any compensation to Selling Agents. Certain Selling Agents may be affiliated with brokers effecting transactions for the Master Fund.

CAPITAL ACCOUNTS; ALLOCATIONS

A Capital Account will be established on the Fund's books for each Limited Partner. The initial value of the Capital Account will be the Limited Partner's capital contribution to the Fund. The Capital Account will be decreased by any capital withdrawn by the Limited Partner from the Capital Account; any distribution made from the Capital Account to the Limited Partner by the Fund; and the Limited Partner's pro-rata share of the Fund's expenses and losses (both realized and unrealized). Each Limited Partner's Capital Account will be increased by the Limited Partner's percentage interest of the Fund's gains (both realized and unrealized) and of any dividend, interest and other income earned by the Fund.

Net realized and unrealized profits and losses of the Fund will be allocated to the Partners' Capital Accounts at the end of each calendar month or, in certain cases, on a more frequent basis. See also "Incentive Allocation" above.

DESCRIPTION OF INTERESTS

The Fund has been formed as a limited partnership. All Interests are equal as to distributions and voting privileges, except as otherwise disclosed in the Partnership Agreement, and have no preemptive, conversion, exchange or withdrawal rights (other than the withdrawal rights described herein and in the Partnership Agreement). Limited Partners are entitled to a proportionate share of the net assets of the Fund available for distribution to such Limited Partners upon liquidation of the Fund. Limited Partners are entitled to vote in accordance with their respective Interests only with respect to limited matters as set forth in the Partnership Agreement.

The Fund is offering one series of Interests pursuant to this Memorandum. The General Partner, in its sole discretion, may issue additional classes, sub-classes, series or sub-series of Interests at any time; provided that such additional classes, sub-classes, series and sub-series invest in the same assets and have the same liquidity as the other classes, sub-classes, series and sub-series of the Fund.

PURCHASE OF NEW ISSUES

Allocation of New Issues

From time to time, the Master Fund may directly or indirectly invest in "new issues" (generally defined in Financial Industry Regulatory Authority, Inc. ("FINRA") Rule 5130, as the same may be amended, supplemented or replaced from time to time, (the "New Issues Rule"), as any initial public offering of an equity security). FINRA has taken the position in the New Issues Rule that such new issues may not be sold, except in limited circumstances, to an account in which a member or person affiliated with or related to a member of FINRA (or certain other securities industry professionals/companies) has a beneficial interest.

Additionally, FINRA Rule 5131 prohibits a FINRA member who provides investment banking services from allocating any new issues to accounts in which officers and directors of certain current, former, or prospective investment banking clients have an interest (the "Spinning Prohibition"). The Spinning Prohibition's purpose is to prevent underwriters from allocating new issues to executives of potential investment banking clients in exchange for investment banking business, a practice known as "spinning."

To the extent that the Master Fund purchases new issues, Whitebox may establish subaccounts to restrict participation by investors that are “Restricted Persons” for purposes of U.S. “new issues,” that is, that fall within the proscription of the New Issues Rule or the Spinning Prohibition). The Master Fund will obtain appropriate representations from prospective investors in order to identify those that are restricted under the New Issues Rule or the Spinning Prohibition. A complete description of who is restricted pursuant to the New Issues Rule or the Spinning Prohibition is contained in the Subscription Agreement. For the avoidance of doubt, Whitebox has no obligation to employ any “re-allocation” procedures, avail itself of any “de minimis” exemption or otherwise employ carve-out procedures for any Limited Partner for any reason, in its sole discretion.

DETERMINATION OF NET ASSET VALUE

The NAV of the Fund is equivalent to its assets less its liabilities as of any date of determination, computed in accordance with generally accepted accounting principles as applied in the United States (“GAAP”), except as described in this Memorandum. To the extent feasible, expenses, fees and other liabilities will be accrued in accordance with GAAP, except as described in this Memorandum.

The Fund has delegated to the Administrator the calculation of the Fund’s NAV. The Fund’s NAV is determined by the Administrator as of the last Business Day (as defined below) of each calendar month, more frequently in the event of Interests being purchased on a date other than the first Business Day of a month, or such other days as may be determined by the valuation committee of Whitebox (the “Valuation Committee”), in consultation with the Oversight Committee. The Valuation Committee has primary responsibility for determining whether appropriate valuation methods are consistently applied to determine the fair value of all securities and other assets. In determining the pricing of investments and the calculation of NAV, the Administrator will follow the valuation policies and procedures adopted by the Valuation Committee under the supervision of the Oversight Committee. Independent valuation agents (each, a “Valuation Consultant”) are selected by the Valuation Committee to provide certain independent valuation and verification services as determined by the Valuation Committee. In those situations where the Valuation Committee determines that it is reasonable and necessary to engage one or more Valuation Consultants with respect to an illiquid security or difficult to value security (i.e., ASC 820 “level three” securities) and the Valuation Consultants provide a range of potential values (high and low) for such security, the Valuation Consultants will provide the Valuation Committee and the Administrator with what they believe to be an accurate range, at which point the Valuation Committee and the Administrator will utilize the mid-price between high and low valuations as the final assigned price. The value as determined by the Valuation Consultant shall control. The Valuation Committee may replace the Valuation Consultants at any time without notice to the Limited Partners. A “Business Day” is any day other than Saturday or Sunday on which banks are open for business in New York City.

Notwithstanding anything to the contrary herein, during any period when the assets of the Fund and the Master Fund are deemed to be “plan assets” for purposes of Title I of ERISA, all NAV determinations will be based on independent pricing sources.

The Oversight Committee, in consultation with the General Partner, may suspend the calculation of NAV (i) during any period when any stock exchange or over-the-counter market on which any of the Master Fund’s investment are quoted, held, traded or dealt in is closed, other than for ordinary holidays and weekends, or during any period in which dealings are restricted or suspended; (ii) during the existence of any state of affairs which, in the opinion of the General Partner, constitutes an emergency as a result of which disposal of investments by the Master Fund would not be reasonably practicable or would be seriously prejudicial to the Partners; (iii) during any breakdown in the means of communication normally employed in determining the price or value of any of the Fund’s or the Master Fund’s assets or liabilities, or of current prices in any stock market, or when for any other reason the prices or values of any assets or

liabilities of the Fund or the Master Fund cannot reasonably be promptly and accurately ascertained; (iv) during any period when the transfer of funds involved in the realization or acquisition of any investments cannot, in the opinion of the General Partner, be effected at normal rates of exchange; or (v) during any period when withdrawals and/or the calculation of NAV are suspended by the Master Fund.

SUBSCRIPTION TERMS AND PROCEDURES

In order to subscribe for Interests, each prospective investor will be required to deliver to the Administrator a fully executed and appropriately completed copy of the Fund's Subscription Agreement, which includes certain representations by such prospective investor with respect to such prospective investor's subscription and which requests information necessary to determine whether the prospective investor is qualified under applicable securities laws and regulations to invest in the Interests. In order for the investor's subscription to become effective as of the date intended by the investor, the completed Subscription Agreement must be received by the Administrator sufficiently in advance of the intended effective date for the Administrator to process the Subscription Agreement. Subscribers whose subscriptions are accepted will become Limited Partners of the Fund. Neither the Fund, Whitebox, the General Partner nor the Administrator accepts any liability arising from errors in the completed Subscription Agreement. Accompanying this Memorandum are copies of the Subscription Agreement for the Fund. In the General Partner's sole discretion, a new Subscription Agreement must be completed with each investment in the Fund. Additional copies of the Subscription Agreement are available from the General Partner and the Administrator.

The amount to be invested must be delivered by wire transfer to the bank account of the Fund no later than the effective time of the investment. The Administrator will supply each investor with wire transfer or alternative instructions upon its acceptance of each Subscription Agreement.

INVESTOR SUITABILITY STANDARDS

An investment in Interests involves a high degree of risk and should not be made by any person who cannot afford a complete loss of its investment therein. The Interests lack liquidity, as compared with other securities investments. See "INVESTMENT OBJECTIVES AND STRATEGIES" and "SPECIAL CONSIDERATIONS AND RISK FACTORS."

Each purchaser of an Interest is required to represent that the Interest is being acquired for its own account, for investment, and not with a view to resale or distribution. The Interests are suitable investments only for sophisticated investors for whom an investment in the Fund does not constitute a complete investment program and who fully understand, are willing to assume, and who have the financial resources necessary to withstand the risks involved in the Fund's specialized investment program and to bear the potential loss of their entire investment in the Interests.

Each purchaser of an Interest must qualify as an investor that is (i) an "accredited investor" within the meaning of Regulation D under the Securities Act and (ii) a "qualified purchaser" within the meaning of the Investment Company Act.

This Memorandum is not intended to provide the sole basis of an investment in the Interests. Each prospective investor should conduct (and will be deemed to have made) its own independent investigation of the Interests, the Fund, Whitebox and the General Partner. The General Partner will provide qualified prospective investors with additional information as may be reasonably requested relating to the offering of the Interests. In addition, qualified prospective investors will have the opportunity to meet directly with certain members of the General Partner's management. Investors will be asked to acknowledge in the

Subscription Agreement that they were given the opportunity to obtain such additional information and that they either did so or elected to waive such opportunity.

The General Partner makes no representations as to the proper characterization of the Interests for legal, investment, accounting, regulatory and tax purposes, or as to the ability of particular investors to purchase the Interests under applicable legal and investment restrictions. Prior to investing in the Interests, a prospective investor should consult with its legal, investment, accounting, regulatory and tax advisers to determine the consequences of an investment in the Interests and arrive at an independent evaluation of such investment.

Securities Act

The Interests are being offered as a private placement to a limited number of qualified buyers and will not be registered under the Securities Act, in reliance upon exemptions provided by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D thereunder. Each investor must be an **accredited investor** (as defined in Regulation D and described in the accompanying Subscription Agreement) and will be required in connection with the purchase of the Interests to make representations confirming its accredited investor status.

The Interests are subject to restrictions on subsequent dispositions thereof designed to require compliance with the Securities Act. In short, the Interests may not be transferred in the absence of an effective registration statement under the Securities Act and any applicable state securities laws or an opinion of counsel acceptable to the General Partner that such registration is not required. Transferability of the Interests is further restricted by the terms of the Partnership Agreement. However, Interests generally may be withdrawn on a periodic basis at their NAV as provided in the Partnership Agreement.

Investment Company Act

It is anticipated that the Fund will not be subject to the registration requirements of the Investment Company Act. The Fund will rely on Section 3(c)(7) of the Investment Company Act, which is available to certain issuers whose outstanding securities are beneficially owned exclusively by persons that are either **qualified purchasers, or “QPs”** (as defined in the Investment Company Act and described in the accompanying Subscription Agreement) or **knowledgeable employees** (as defined in Rule 3c-5 under the Investment Company Act). The Fund will obtain appropriate representations and undertakings from investors in order to ensure that the Fund continually meets the conditions of Section 3(c)(7).

Commodity Exchange Act

Whitebox and the General Partner currently limit the Master Fund’s use of commodity interest positions (including futures contracts, options on futures contracts and swap contracts) to enable Whitebox and the General Partner to qualify for an exemption from registration as a “commodity pool operator” under CFTC Rule 4.13(a)(3). To qualify for this exemption, the Master Fund is required to limit its commodity interest positions so that (at the time of its most recently established position) (i) the aggregate initial margin, premiums, and required minimum security deposit required to establish such positions will not exceed 5% of the liquidation value of the Master Fund’s portfolio, or (ii) the aggregate net notional value of such positions does not exceed 100% of the liquidation value of the Master Fund’s portfolio, in each case after taking into account unrealized profits and unrealized losses on any such positions the Master Fund has entered into.

The CFTC has not passed upon the merits of investing in the Fund or upon the adequacy or accuracy of this Memorandum. The CFTC has not reviewed or approved this offering, this Memorandum or any other information or materials concerning the Fund.

* * *

The foregoing suitability standards represent the minimum suitability requirements for prospective investors in the Fund and satisfaction of these standards does not necessarily mean that an investment in the Fund is a suitable investment for a prospective investor. In all cases, the General Partner will have the right, in its sole discretion, to refuse a subscription for Interests for any reason, including, but not limited to, its belief that the prospective investor does not meet the applicable suitability requirements or that such an investment is otherwise unsuitable for that investor.

Each prospective investor is urged to consult with its own advisers to determine the suitability of an investment in the Interests, and the relationship of such an investment to the investor's overall investment program and financial and tax position. Each purchaser of an Interest is required to further represent that, after all necessary advice and analysis, its investment in an Interest is suitable and appropriate, in light of the foregoing considerations.

INVESTMENTS BY EMPLOYEE BENEFIT PLANS

The following is a summary of certain aspects of laws and regulations applicable to retirement plan investments as in existence on the date hereof, all of which are subject to change. This summary is general in nature and does not address every issue that may be applicable to the Fund or a particular investor.

The Fund may accept subscriptions from pension and profit-sharing plans maintained by U.S. corporations and/or unions, individual retirement accounts and Keogh plans, entities that invest the assets of such accounts or plans and other entities investing plan assets (all such entities are herein referred to as "Benefit Plan Investors") as well as subscriptions from plans maintained by governmental entities, churches and non-U.S. companies. At various times, participation by Benefit Plan Investors in the Fund may be significant and result in the Fund's assets being subject to Title I of ERISA and/or Section 4975 of the Code. Furthermore, at various times, participation by Benefit Plan Investors in the Fund and the Master Fund may be significant and result in the Master Fund's assets being subject to Title I of ERISA and/or Section 4975 of the Code.

Certain duties, obligations and responsibilities are generally imposed on persons who serve as fiduciaries with respect to employee benefit plans or individual retirement accounts; for example, ERISA and the Code prohibit acts of fiduciary self-dealing and certain transactions between a "plan" and "parties-in-interest" or "disqualified persons" (as such terms are defined in ERISA and the Code). In the Fund's Subscription Agreement, each Benefit Plan Investor will be required to represent that the person who is making the decision to invest in the Fund and thereby in the Master Fund (its "Fiduciary"), is independent and has not relied on any advice from the Fund, Whitebox, or any of their affiliates with respect to the investment in the Fund and thereby in the Master Fund. Fiduciaries will also be asked to determine (i) that the investment in the Fund and thereby in the Master Fund is prudent, (ii) that the structure, incentives and operation of the fee arrangements as disclosed, further the interests of the investors and provide reasonable compensation to Whitebox and its affiliates, (iii) that the calculation of the value of a capital account as described in the Partnership Agreement represents the fair market value of an Interest; (iv) that the investor's current and anticipated liquidity needs will be met, given the limited rights to withdraw from the Fund or transfer an Interest, (v) that the investment will permit the investor's overall portfolio to remain adequately diversified, and (vi) that the investment in the Fund and thereby in the Master Fund and investment program described in this Memorandum are permitted under the laws, rules and documents governing the investor. Accordingly, Fiduciaries should consult their own investment advisors and their

own legal counsel regarding the investment in the Fund and thereby in the Master Fund and its consequences under applicable law, including ERISA and the Code.

Generally, when a benefit plan invests in another entity, the plan's assets include its investment, but do not, solely by reason of its investment, include any of the underlying assets of the entity. However, the U.S. Department of Labor (the "DOL") issued the regulation at 29 CFR § 2510.3-101, as modified in application by Section 3(42) of ERISA (the "Plan Assets Regulation"), which defines the circumstances under which this general rule does not apply with respect to plans or accounts subject to Title I of ERISA and/or Section 4975 of the Code (each a "Plan"). In those circumstances, an investment in an entity, such as the Fund, by a Plan includes both its investment in the entity and an undivided interest in each of the underlying assets of the entity. Therefore, any person who exercises authority or control regarding the management or disposition of the underlying assets of that entity is a fiduciary to each Plan invested in the entity directly or indirectly through a Benefit Plan Investor. Under the Plan Assets Regulation, the underlying assets of the Fund will be deemed to be plan assets if participation by Benefit Plan Investors in the Fund equals or exceeds 25% of any class of equity interests, excluding from this calculation any non-Benefit Plan Investor interests held by Whitebox and certain affiliated persons and entities (the "25% Threshold"). Similarly, the underlying assets of the Master Fund will be deemed to be plan assets if the Master Fund equals or exceeds its 25% Threshold. The 25% Threshold is mechanical and is calculated after each contribution or withdrawal of any equity interest.

Participation by Benefit Plan Investors in the Fund may, at various times, equal or exceed the 25% Threshold. During those periods, Whitebox will be a fiduciary to each Plan invested in the Fund directly or indirectly through a Benefit Plan Investor. ERISA provides that a fiduciary may delegate its fiduciary duties (other than trustee duties) to "investment managers" (as defined in Section 3(38) of ERISA). Whitebox meets the requirements to be an investment manager: it is registered as an investment adviser under the Advisers Act; Whitebox, as investment manager to the Fund, acknowledges its status as a fiduciary (to the extent that it has discretionary authority over the assets of the Fund) with respect to each Plan investing in the Fund directly or indirectly through a Benefit Plan Investor during any period when the Fund equals or exceeds the 25% Threshold; and Whitebox, as investment manager to the Master Fund, acknowledges its status as a fiduciary with respect to each Plan investing in the Fund (and thereby in the Master Fund) directly or indirectly through a Benefit Plan Investor during any period when the assets of both the Fund and the Master Fund equal or exceed their respective 25% Thresholds. Provided the procedures under the Plan's documents are followed, the fiduciary authorizing investment and thereby appointing Whitebox as an investment manager will not be liable for any ERISA fiduciary breaches Whitebox may commit, unless the appointing fiduciary knowingly participates in or knowingly conceals the breach. As with any Plan investment, fiduciaries must prudently select and monitor the continuing performance of Whitebox and will be liable for failing to exercise their fiduciary duties in this regard.

During any period when it is a fiduciary to a Plan investor, Whitebox, under Section 406 of ERISA and Section 4975(c)(1) of the Code, will be prohibited from causing the Fund to engage in certain transactions with "parties in interest" or "disqualified persons". The definitions of the terms "party in interest" and "disqualified person" are substantially similar, and include a Plan's fiduciaries and service providers, the Plan sponsors and other parties having relationships to such persons. Among the transactions that are prohibited are sales or leasing of property, extensions of credit and the furnishing of services between the Fund and a party in interest or a disqualified person to a Plan. In addition, ERISA and the Code prohibit fiduciaries from engaging in acts of self-dealing in transactions involving Plan assets. However, as Whitebox is obligated to invest all of the Fund's investable assets in the Master Fund, the fiduciary responsibilities and potential for prohibited transactions are extremely limited unless the Master Fund also equals or exceeds its 25% Threshold.

During any period when Whitebox, acting in its capacity as investment manager of the Master Fund, is a fiduciary to a Plan directly or indirectly investing in the Master Fund, Whitebox, under Section 406 of ERISA and Section 4975(c)(1) of the Code, will be prohibited from causing the Master Fund to engage in certain transactions with “parties in interest” or “disqualified persons” or from engaging in acts of self-dealing in transactions involving plan assets. In order to enable the Master Fund to comply with the prohibited transaction rules under ERISA and the Code, each Plan investor is required to deliver to Whitebox, in writing, all of the information that Whitebox may require or request in order to avoid violations of any provisions of ERISA or any other laws applicable to the investor, and to notify Whitebox, promptly and in writing, of any change in the information so furnished.

While the prohibited transaction rules may restrict the Master Fund from engaging in certain transactions in which it might otherwise engage if it were not subject to such rules, both ERISA and the Code contain various exemptions from the prohibited transaction rules that will permit Whitebox to conduct the business of the Master Fund. Among these prohibited transaction exemptions are an exemption for reasonable arrangements with a party in interest or disqualified person for necessary services, an exemption for transactions with service providers for adequate consideration, an exemption for securities lending transactions and an exemption for qualified professional asset managers (“QPAMs”). The DOL Prohibited Transaction Exemption 84-14, as amended (the “QPAM Exemption”) generally permits transactions with most parties in interest and disqualified persons if such transactions are entered into on behalf of a Plan investor by a QPAM. Whitebox currently meets the requirements to qualify as a QPAM.

If the DOL or the IRS determines that any transaction entered into by the Fund or the Master Fund constitutes a non-exempt prohibited transaction, the party in interest or the disqualified person involved in the transaction would be liable to pay an excise tax and Whitebox would be required to correct the prohibited transaction by rescinding the transaction and restoring to the Plan any loss resulting from such prohibited transaction.

All Plans subject to Title I of ERISA (“ERISA Plans”) are required to file an annual report (Form 5500) with the DOL setting forth the fair market value of all ERISA Plan assets. Under ERISA’s general reporting and disclosure rules, ERISA Plans are required to include information regarding their assets, expenses and liabilities. Whitebox will provide any information reasonably requested by ERISA Plans to complete this annual report. ERISA Plans are also required to make a determination that the Fund-related compensation paid to Whitebox or its affiliates is “reasonable” within the meaning of Section 408(b)(2) of ERISA. The regulation at 29 C.F.R. §2550.408b-2 (the “408(b)(2) Regulation”) provides that in order for such compensation to be “reasonable”, certain prospective disclosures must be made by Whitebox to ERISA Plan investors. To facilitate a plan administrator’s compliance with these requirements, it is noted that the descriptions of the fees and expenses (including but not limited to the Management Fee and the Incentive Allocation) contained in this Memorandum, Whitebox’s Form ADV, and the Fund’s audited financial statements and the notes thereto, are intended to satisfy (i) the alternative reporting option for “eligible indirect compensation” on Schedule C of Form 5500 and (ii) the disclosure requirements of the 408(b)(2) Regulation. Whitebox will, upon written request, furnish any other information relating to its compensation received in connection with the Fund that is required for such ERISA investor to comply with the reporting and disclosure requirements of Title I of ERISA and the regulations, forms and schedules issued thereunder. Whitebox may, in its sole discretion, elect to utilize the alternative filing method provided for in regulations promulgated by the DOL with respect to Form 5500, in which case each ERISA Plan investor consents to the disclosure required to be made in such filing.

To protect ERISA Plans against loss as a result of fiduciary misconduct, Section 412 of ERISA requires that certain ERISA Plan fiduciaries be bonded. Whitebox intends to comply with the bonding requirements of ERISA.

Section 403(a) of ERISA generally requires that all assets of ERISA Plans be held in trust; however, while the assets of the Fund may at various times be deemed plan assets, the DOL regulations provide that the holding in trust requirement is satisfied for entities such as the Fund if the indicia of a Plan's ownership of an interest in the Fund is held in trust by the Plan's trustees. Plan investors will be required to represent in the Subscription Agreement that the Subscription Agreement represents the investing Plan's indicia of ownership in the Fund for purposes of Section 403(a) of ERISA and that the Subscription Agreement will be held in trust by the Plan trustee or custodian. Whitebox will maintain the indicia of ownership of the Fund's assets within the jurisdiction of the U.S. district courts as required by Section 404(b) of ERISA and the regulations thereunder.

Benefit plans maintained by governmental entities, churches and non-U.S. companies are generally not subject to Title I of ERISA or Section 4975 of the Code. However, federal, state or local laws or regulations governing the investment and management of the assets of such plans may contain fiduciary and prohibited transaction requirements similar to those under ERISA and the Code discussed above and/or may include other limitations on permissible investments. Accordingly, fiduciaries of governmental, church and non-U.S. plans, in consultation with their advisors, should consider the requirements of all applicable laws and regulations specifically applicable to such governmental, church or non-U.S. plans ("Similar Law") with respect to investments in the Fund, as well as the fiduciary considerations discussed above. The fiduciary of each prospective governmental, church or non-U.S. plan investor will be required to represent and warrant that the investment in the Fund and the investment program described in this Memorandum is permissible, has been duly authorized, complies in all respects with all applicable Similar Law and that either (i) their investment will not subject the Fund's or the Master Fund's assets to any Similar Law or (ii) by complying with the provisions of ERISA during any period when it is acting as an ERISA fiduciary, Whitebox will also have complied with any applicable Similar Law.

UNITED STATES INCOME TAX CONSIDERATIONS

Federal Taxation

The Fund has been advised by its counsel, Seward & Kissel LLP that, under present law, the Fund will be treated as a partnership and will not be a taxable entity for U.S. federal income tax purposes. Instead, each Limited Partner will be required to take into account for each fiscal year, for purposes of computing his own income tax, his proportionate share of the various items of taxable income or loss allocated to him pursuant to the Partnership Agreement, whether or not any income is paid out to him. The manner in which such items of taxable income or loss are allocated among the Limited Partners is set forth in the Partnership Agreement. Such items of taxable income or loss will be required to be taken into account in the taxable year of the Limited Partner in which the fiscal year of the Fund ends.

Under Section 7704 of the Code, a partnership that meets the definition of a "publicly traded partnership" may be taxable as a corporation. It is expected that the Fund will not be treated as a "publicly traded partnership." If the Fund were taxed as a corporation, the Fund's income would be subject to corporate income tax, which would significantly reduce the return that an investor would derive from the Fund.

The Fund will invest all of its assets through a "master-feeder" structure in the Master Fund, which is a Cayman Islands limited partnership. Although the Master Fund will be subject to a 30% federal withholding tax with respect to dividends (including deemed dividends such as those caused by adjustments in the conversion ratios of convertible securities), dividend equivalent payments, and certain interest income considered to be from sources within the United States, the Fund's share of such income should not be

subject to this withholding tax. The Master Fund will be treated as a partnership for U.S. federal income tax purposes and, consequently, will not be a taxable entity for U.S. federal income tax purposes. The Fund will take into account for U.S. federal income tax purposes its pro rata share of the Master Fund's income and loss.

Under the Partnership Agreement, the General Partner will have the discretion to allocate specially an amount of the Fund's taxable income, gains or losses to a Limited Partner making a full or partial withdrawal to the extent that the Limited Partner's withdrawn amount exceeds, or is less than, his federal income tax basis in the withdrawn portion of his interest in the Fund. There can be no assurance that the IRS would accept such a special allocation. If the special allocation was successfully challenged by the IRS, the Fund's taxable income, gains or losses allocable to the remaining Partners would be increased.

Income, gains, losses and deductions of the Fund will not be from a "passive activity" within the meaning of Code Section 469. Accordingly, (i) the deduction by a Limited Partner of his share of the losses or deductions of the Fund will not be restricted under Code Section 469, and (ii) a Limited Partner who is an individual will not be able to deduct losses from other "passive activities" against his share of income of the Fund.

The Master Fund expects to be a trader in securities for U.S. federal income tax purposes, rather than an investor in securities. Accordingly, each Limited Partner who is an individual may deduct his share of expenses of the Master Fund (other than interest expense) under Code Section 162 as a business expense. However, if, contrary to the Master Fund's expectations, the Master Fund were to be characterized as an investor, the expenses of the Master Fund (other than interest expense) would constitute investment expenses described in Code Section 212, and, as such, would not be deductible by an individual for taxable years beginning after December 31, 2017 and before January 1, 2026. Also, investment expenses described in Code Section 212 are nondeductible in computing the alternative minimum tax for an individual taxpayer. The Fund also will be required to make the determination as to whether expenses incurred by the Fund itself, including the Management Fee, are business expenses or non-deductible investment expenses. Payments made by the Master Fund or the Fund with respect to notional principal contracts, such as swaps, may be treated as non-deductible investment expenses. Expenses connected with the marketing and issuing of Interests are not deductible.

For U.S. federal income tax purposes, interest expense of the Fund and the Master Fund may be considered "investment interest" or "business interest." Subject to certain limited exceptions, investment interest is deductible by an individual only to the extent of his net investment income (which for this purpose generally does not include net long-term capital gains or "qualified dividend income"). Investment interest that is not deductible in any taxable year because of this limitation may be carried forward to the succeeding taxable year. Generally, business interest is deductible only to the extent of the sum of (i) business interest income and (ii) 30% of "adjusted taxable income". The determination of whether any business interest incurred by the Fund or the Master Fund is subject to this limitation is made at the Fund level or the Master Fund level (not at the Limited Partner level).

Since the Master Fund will invest in the securities of foreign issuers, the Fund's income may be subject to foreign income taxes, including withholding taxes. A Limited Partner may elect either to deduct his share of such foreign taxes in computing his federal taxable income or treat his share of such foreign taxes as a credit against federal income taxes, subject to certain limitations. No deduction for foreign taxes may be claimed by an individual who does not itemize deductions.

The Master Fund generally will not realize gain or loss on a short sale of a security until the Master Fund purchases the security to be delivered to the lender to close the transaction (or, in the case of a loss,

until the security is delivered to the lender). Gain arising from the closing of a short sale generally is treated as short-term capital gain.

Under Code Section 988, gains and losses from the disposition of foreign currencies, from the disposition of debt securities denominated in a foreign currency, or from the disposition of certain foreign currency contracts, which are attributable to fluctuations in the value of the foreign currency between the date of acquisition and the date of disposition are generally treated as ordinary income or loss. Similarly, gains or losses attributable to fluctuations in exchange rates between the time interest, other receivables, expenses or other liabilities denominated in a foreign currency are accrued and the time such receivables or liabilities are collected or paid are treated as ordinary income or loss.

Certain options, regulated futures contracts and foreign currency contracts are considered "Section 1256 contracts" for U.S. federal income tax purposes. Under Code Section 1256(a), the Fund will be required at the end of each year to "mark to market" its Section 1256 contracts and treat any gain or loss (other than gain or loss with respect to certain foreign currency contracts) as 60% long-term capital gain or loss and 40% short-term capital gain or loss. However, if the Fund makes an election to "mark to market" its securities pursuant to Code Section 475(f), this rule will not apply to any Section 1256 contract the Fund identifies as a hedge of a security (in which case the contract will be subject to the Code Section 475(f) mark-to-market rules discussed below and gain or loss generally will be treated as ordinary income or loss).

The Master Fund may invest in certain foreign entities that will be "passive foreign investment companies" ("PFICs") for U.S. federal income tax purposes. Such investments may cause a Limited Partner to (i) recognize taxable income prior to the Master Fund's receipt of distributable proceeds, (ii) pay an interest charge on receipts that are deemed as having been deferred, or (iii) recognize ordinary income that, but for the PFIC provisions of the Code, would have been treated as capital gain. Limited Partners may be subject to IRS reporting requirements with respect to investments by the Master Fund in PFICs.

If the Master Fund invests in bonds issued with "original issue discount", the Master Fund generally will be required to accrue as taxable income a portion of the excess of the face value of the securities over their issue price for each year the securities are held, even though the Master Fund receives no payment with respect to such discount in such year. Gain derived by the Master Fund from the disposition of market discount bonds (i.e., bonds purchased subsequent to original issue at a price less than face value) generally will be taxed as ordinary income to the extent of the accrued market discount on the bonds, unless the Master Fund elects to include such discount in income as it accrues. Unless such an election is made, the deduction for some or all of the interest expense incurred to purchase or carry a market discount bond may be deferred. Under Code Section 451(b)(1), which was enacted as part of the Tax Cuts and Jobs Act, certain items of income must be included in taxable income no later than when such income is taken into account as revenue in the taxpayer's financial statements. This provision may affect the time at which the Master Fund includes certain discount in taxable income.

The character and timing of the Fund's taxable gains and losses may be affected by various Code provisions, including those applicable to notional principal contracts and straddles.

The Master Fund may elect, pursuant to Code Section 475(f), to "mark to market" its securities at the end of each taxable year. Pursuant to this election, the Master Fund's securities generally would be treated for U.S. federal income tax purposes as though sold for fair market value on the last Business Day of the taxable year. This election would apply to all taxable years of the Master Fund unless revoked. As a result of making this election, the Master Fund's gains and losses (except with respect to certain Section 1256 contracts) generally would be considered ordinary income or loss, rather than capital gain or loss. Since for U.S. federal income tax purposes capital losses generally may be deducted only against capital

gains, the ability of a Limited Partner to deduct capital losses realized from his other investments against his share of the Master Fund's income would be limited if the Master Fund were to make this election. The Master Fund previously had made a Code Section 475(f) election, but revoked it as of calendar year 2016. Under current law, the Master Fund would not be able to make another such election for a period of five years after the revocation.

Code Section 461(l), which was enacted as part of the Tax Cuts and Jobs Act, provides that the “excess business loss” of a non-corporate taxpayer is not currently allowed as a deduction, and the disallowed loss is treated as part of the taxpayer’s net operating loss carryforward to the following year. An “excess business loss” is the excess of the taxpayer’s aggregate deductions attributable to the taxpayer’s trades or businesses, over the sum of (i) the taxpayer’s aggregate gross income or gain attributable to such trades or businesses, plus (ii) \$250,000 (\$500,000 in the case of a joint return) (which amounts are indexed for inflation). It is unclear how this provision would apply to an individual’s losses from an investment partnership, such as the Fund.

The Master Fund may utilize leverage in connection with its investments. In this regard, a tax-exempt entity will generally be subject to tax on the portion of its share of the Fund’s profits attributable to the use of certain leverage. Such portion will be considered “debt-financed income” and will be taxable as “unrelated business taxable income” under the federal income tax law. The law is not entirely clear, however, as to the proper way to determine what portion of a tax-exempt entity’s share of the Fund’s profits is attributable to the use of leverage and therefore “debt-financed income.” Accordingly, while the Fund will compute each tax-exempt entity’s share of “debt-financed income” from the Fund in a manner which the Fund determines is reasonable, there can be no assurance that the IRS will accept the method of computation used by the Fund.

The Bipartisan Budget Act of 2015 changes partnership audit provisions effective for partnership tax years beginning after December 31, 2017. In general, under these provisions, if it is determined that the Fund underreported income in a prior year (the “reviewed year”), the Fund would have the option either to (i) have the Fund itself pay any tax due with respect to a reviewed year in the “adjustment year” (generally, the year in which the adjustment becomes final) or (ii) issue statements to the Limited Partners for the reviewed year, which statements would indicate the Limited Partners’ respective shares of the adjustment. The General Partner will have the authority to make this determination on behalf of the Fund. If the Fund chooses the first option, a Limited Partner may bear the economic burden for taxes that are attributable to a period prior to such Limited Partner’s admission to the Fund or in a different amount due to such Limited Partner’s varying percentage interest in the Fund during the period to which the taxes relate. If the Fund chooses the second option, each Limited Partner’s tax for the taxable year which includes the date the statement was furnished would be increased by the adjustment amount, subject to various adjustments. In either case, interest (and possibly penalties) also would apply.

The IRS has released final Treasury Regulations expanding previously existing information reporting, record maintenance and investor list maintenance requirements with respect to certain “tax shelter” transactions (the “Tax Shelter Regulations”). The Tax Shelter Regulations may potentially apply to a broad range of investments that would not typically be viewed as tax shelter transactions, including investments in investment partnerships and portfolio investments of investment partnerships. Under the Tax Shelter Regulations, if the Fund or the Master Fund engages in a “reportable transaction,” the Fund and, under certain circumstances, a Limited Partner would be required to (i) retain all records material to such “reportable transaction”; (ii) complete and file IRS Form 8886, “Reportable Transaction Disclosure Statement” as part of its U.S. federal income tax return for each year it participates in the “reportable transaction”; and (iii) send a copy of such form to the IRS Office of Tax Shelter Analysis at the time the first such tax return is filed. The scope of the Tax Shelter Regulations may be affected by further IRS guidance. Non-compliance with the Tax Shelter Regulations may involve significant penalties and other

consequences. Each Limited Partner should consult his own tax advisers as to his obligations under the Tax Shelter Regulations.

The Foreign Account Tax Compliance Act (“FATCA”) provisions of the Hiring Incentives to Restore Employment Act (the “HIRE Act”) provide that the Master Fund must disclose the name, address and taxpayer identification number of certain United States persons that own, directly or indirectly, an interest in the Master Fund, as well as certain other information relating to any such interest, pursuant to the terms of the intergovernmental agreement between the United States and the Cayman Islands and any implementing legislation and regulations of the Cayman Islands. If the Master Fund fails to comply with these requirements, then a 30% withholding tax will be imposed on payments to the Master Fund of United States source income. Although the Master Fund will attempt to satisfy any obligations imposed on it to avoid the imposition of this withholding tax, no assurance can be given that the Master Fund will be able to satisfy these obligations. If the Master Fund becomes subject to a withholding tax as a result of the HIRE Act, the value of Interests held by all Partners may be materially affected, although the Master Fund generally expects to charge the amounts to the relevant investors, as applicable.

State and Local Taxation

In addition to the U.S. federal income tax consequences described above, the Fund and the Partners may be subject to other taxes such as state, local or municipal income taxes, and estate, inheritance or intangible property taxes. Certain of such taxes could, if applicable, have a significant effect on the amount of tax payable in respect of an investment in the Fund. PROSPECTIVE INVESTORS MUST CONSULT THEIR OWN TAX ADVISORS REGARDING THE POSSIBLE APPLICABILITY OF STATE, LOCAL OR MUNICIPAL TAXES TO AN INVESTMENT IN THE FUND.

Taxation of Non-U.S. Investors

Special tax considerations apply to Limited Partners that are nonresident alien individuals or foreign corporations and that are not engaged in a U.S. trade or business (collectively, “Non-U.S. Partners”). Except as noted below, a Non-U.S. Partner generally should not be deemed to be engaged in a U.S. trade or business solely as a result of its investment in the Fund if the activities of the Fund consist solely of trading securities for its own account within the meaning of Code Section 864. If the activities of the Fund are so limited, then, except as noted below, a Non-U.S. Partner should not be subject to any U.S. federal income tax on its share of the Fund’s capital gains and should not be subject to any U.S. federal income tax on gain realized upon the sale or other disposition of its Interest.

If the Fund engages in activities that constitute a U.S. trade or business or invests in a pass-through entity (such as a limited partnership) that is engaged in a U.S. trade or business, all or a portion of a Non-U.S. Partner’s share of the Fund’s income would be treated as income “effectively connected” with a U.S. trade or business and would be subject to U.S. federal income tax at the graduated rates applicable to U.S. individuals or corporations, as the case may be, and, in the case of a corporate Non-U.S. Partner, may be subject to a 30% branch profits tax. The Fund would be required to withhold tax with respect to the Non-U.S. Partner’s share of such income each year, whether or not any income is paid out to the Non-U.S. Partner. Further, the Non-U.S. Partner would be required to file a U.S. federal income tax return and would pay any additional tax due (if its tax liability exceeds the tax withheld by the Fund) or claim a refund (if the tax withheld by the Fund exceeds the Non-U.S. Partner’s tax liability). Further, the Non-U.S. Partner could be subject to U.S. federal income tax upon the sale or other disposition of its Interest and could be required to file a U.S. federal income tax return. Also, a transferee (including the Fund) could be required to withhold 10% of the amount realized (or such reduced amount as may be prescribed by the IRS) on the sale or other disposition of such Interest.

If the Fund were to realize gain on the sale of a “United States real property interest” within the meaning of Code Section 897 (which term generally includes, among other things, stock of a “United States real property holding corporation”), a Non-U.S. Partner would be subject to U.S. federal income tax on the Non-U.S. Partner’s share of such gain and would be required to file a U.S. federal income tax return. Further, if the Fund were to hold a “United States real property interest”, a Non-U.S. Partner could be subject to U.S. federal income tax upon the sale or other disposition of the Non-U.S. Partner’s Interest and could be required to file a U.S. federal income tax return.

Any U.S. source dividends received from a portfolio company (including deemed dividends or dividend equivalent payments received pursuant to certain equity-linked derivatives) and certain interest income that is allocable to a Non-U.S. Partner may be subject to a 30% U.S. federal withholding tax.

Under the FATCA provisions of the HIRE Act, a Non-U.S. Partner that is an entity generally will be required to provide to the Fund information which identifies the Non-U.S. Partner’s direct and indirect U.S. ownership. Any such information provided to the Fund may be shared with the IRS. Further, a Non-U.S. Partner that is a “foreign financial institution” within the meaning of Code Section 1471(d)(4) must disclose certain information about its U.S. accountholders and equityholders pursuant to either an agreement with the IRS or an intergovernmental agreement or otherwise claim an exemption. A Non-U.S. Partner that fails to comply with the HIRE Act would be subject to a 30% withholding tax with respect to its share of U.S. source income. Non-U.S. Partners should consult their own tax advisors regarding the possible implications of the HIRE Act on their investments in the Fund.

A Non-U.S. Partner may be subject to tax on its share of the Fund’s income and gain in its country of nationality, residence or elsewhere. It is possible that a Non-U.S. Partner may be able to credit all or a portion of its U.S. taxes paid against its income tax liability in its home jurisdiction.

If an individual Non-U.S. Partner owns an Interest at the time of his death, the Non-U.S. Partner’s interest in the Fund or its assets may be subject to U.S. estate taxation unless provided otherwise by applicable treaty.

A Non-U.S. Partner generally will be required to provide the Fund with an IRS Form W-8BEN (or other appropriate Form W-8) in which the Non-U.S. Partner states its name and address and certifies, under penalties of perjury, that it is the beneficial owner of the Interest and is a non-U.S. person. The annual information return that the Fund will file with the IRS will include a schedule setting forth certain information about the Non-U.S. Partner, including its name, address and share of the Fund’s income or loss.

Non-U.S. Partners should consult their own tax advisors as to the tax consequences to them of an investment in the Fund, including the possible applicability of any treaty provisions, withholding taxes and reporting requirements.

General

The advice from Seward & Kissel LLP on U.S. federal tax matters is based on the assumption that the Fund and the Master Fund will be organized and operated in the manner contemplated by the General Partner and Whitebox as described in this Memorandum and the Partnership Agreement and under present provisions of the laws and regulations issued thereunder and the cases and rulings interpreting such laws and regulations. There can be no assurance that the positions the Fund or the Master Fund takes on its tax returns, with respect to expenses or otherwise, will be accepted by the IRS.

As promptly as practicable after the end of each fiscal year, the Fund will send to each Partner a report indicating the amounts representing its respective share of net long-term capital gain or loss, net

short-term capital gain or loss, operating profit or loss, and other appropriate items of income and deduction for purposes of reporting such amounts for federal income tax purposes.

The tax consequences of an investment in the Fund may vary depending upon the particular circumstances of each prospective Partner. Accordingly, each prospective Partner should consult its own tax advisers with respect to the effect of an investment in the Fund on its personal tax situation and, in particular, the state and local tax consequences to it of an investment in the Fund.

Tax-exempt entities should review with their tax advisers the discussion above regarding unrelated business taxable income and debt-financed income and any tax and/or filing obligation they may have with respect to unrelated business taxable income. Tax-exempt entities should also consult their tax advisers with regard to the unrelated business taxable income issues that may arise upon the disposition of their Interests. In a private ruling, the IRS has taken the position that a portion of the gain realized from the sale (e.g., withdrawal) of a partnership interest by a tax-exempt entity is debt-financed income when the partnership uses borrowed funds to purchase property even though the tax-exempt entity did not use borrowed funds to purchase its partnership interest.

A Partner (and each employee, representative, or other agent of the Limited Partner) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of an investment in the Fund and all materials of any kind (including opinions or other tax analyses) that are provided to the Partner relating to such tax treatment and tax structure.

* * *

THE FOREGOING DISCUSSION DOES NOT ADDRESS ANY TAX CONSEQUENCES TO THE FUND OR PARTICULAR PARTNERS UNDER APPLICABLE STATE, LOCAL OR FOREIGN LAWS NOR DOES IT ADDRESS ALL TAX CONSIDERATIONS THAT MAY BE RELEVANT TO THE FUND OR PARTICULAR PARTNERS. PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISERS WITH REFERENCE TO THEIR SPECIFIC TAX SITUATIONS, INCLUDING ANY APPLICABLE FEDERAL, STATE, LOCAL OR FOREIGN TAXES.

ANTI-MONEY LAUNDERING REGULATIONS

The Fund seeks to comply with all applicable laws concerning money laundering and related activities. As part of the Fund's responsibility for detecting and preventing money laundering, the Fund or the Administrator may require a detailed verification of a prospective investor's identity and the source of the subscription funds. The Fund reserves the right to request such identification evidence in respect of a transferee of Interests. The Fund also reserves the right to refuse to make any withdrawal payment to a Partner if the Fund or Administrator suspects or is advised that the payment of any withdrawal proceeds to such Partner might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction or such refusal is considered necessary or appropriate to ensure the compliance by the Fund or the Administrator with any such laws or regulations in any relevant jurisdiction.

In the event of a delay or failure by the prospective investor or transferee to produce any information required for verification purposes, the Fund or the Administrator may refuse to accept the subscription and (as the case may be) to register the relevant transfer and (in the case of a subscription of Interests) any funds received will be returned without interest to the account from which the monies were originally debited. Interests will not be issued until such time as the Administrator has received and is

satisfied with all the information and documentation requested to verify the identity of the investor. This may result in Interests being issued subsequent to the date on which an investor initially wished to have Interests issued to him.

The Fund also reserves the right to refuse to make any withdrawal payment to a Limited Partner if the Fund or the Administrator suspects or is advised that the payment of any withdrawal moneys to such Limited Partner might result in a breach or violation of any applicable anti-money laundering or other laws or regulations by any person in any relevant jurisdiction or such refusal is considered necessary or appropriate to ensure the compliance by the Fund or the Administrator with any such laws or regulations in any relevant jurisdiction.

APPENDIX A

ERISA Section 408(b)(2) Fee Disclosure Guide

Guide to Services and Compensation

The following is a guide to important information contained in this Memorandum that certain “covered plan” investors should consider in connection with the services provided by Whitebox to your plan as a result of its direct equity investment in the Fund. This guide will direct you to disclosure that is intended to satisfy the requirements of the DOL regulation at 29 C.F.R. § 2550.408b-2 (the “408(b)(2) Regulation”).

Should you have any questions concerning this guide or the information provided to you concerning our services or compensation, please contact Whitebox.

| Required Information | Location / Responses |
|---|---|
| Description of the services to be provided by Whitebox to the Fund. | Memorandum Section entitled Investment Objectives and Strategies. |
| A statement that Whitebox’s services will be provided as an ERISA fiduciary. | Memorandum Section entitled Investments by Employee Benefit Plans. |
| A description of all “indirect compensation” received by Whitebox and/or its affiliates (as defined in the 408(b)(2) Regulation). | <p>Management Fee and Incentive Allocation: Memorandum Section entitled Summary of Principal Terms – “Fees and Other Expenses”.</p> <p>Soft Dollars: Whitebox has entered into a commission sharing arrangement (“CSA”). The CSA permits Whitebox to enhance the quality of execution and consolidate payments for research services using accumulated client commissions from securities transactions with certain executing brokers whereby the executing broker agrees to an “execution only” commission rate to be subtracted from the “full service” commission rate. The executing broker retains the execution only commission portion as payment for execution services and the balance of the commission will be redirected to one or more third parties, determined by Whitebox, as payment for research services that they have provided. Pursuant to the CSA, ITG INC. is the broker-dealer sponsoring the CSA program that maintains the balance of commissions in a consolidated account (commission credits) on behalf of Whitebox.</p> <p>Research Expense: See Memorandum Section entitled Fees and Expenses. Each year Whitebox</p> |

| | |
|---|---|
| | <p>Advisors London LLP shall approve its own separate “research budget” for the relevant services it provides to the Master Fund. The research budget shall be funded by the Master Fund through research payments paid to certain brokers and deposited into a research payment account (“RPA”) that complies with the requirements of MiFID II; including the requirement that the Master Fund’s pro-rata share of any excess amounts in the RPA will be carried over to fund the following year’s research budget or rebated to the Master Fund. The amount of this annual research budget will be included in the Master Fund’s audited financial statement. All expenses associated with research services performed by Whitebox Advisors London LLP shall be paid from the RPA.</p> <p>See also Memorandum Section entitled Brokerage and Portfolio Transactions.</p> <p>Expenses: The Fund pays service providers for certain products and services (e.g., data and data delivery services) which may also be used by Whitebox and the General Partner. See also Memorandum Section titled “Potential Conflicts of Interest – Expense Allocation.”</p> <p>Gifts and Entertainment: From time to time, third-party vendors (such as prime brokers and other Fund and the Master Fund service providers) may provide Whitebox’s employees and/or principals with non-monetary gifts and gratuities, such as promotional items (e.g., coffee mugs, calendars, or gift baskets), and unaccompanied (i) meals, (ii) tickets to sporting and other events and (iii) access to certain industry related conferences (collectively, “gifts”). Based on historic trends, Whitebox does not expect to receive gifts that exceed the <i>de minimis</i> thresholds under DOL Form 5500 Schedule C reporting requirements with respect to any ERISA Plan investors in the Fund.</p> |
| <p>A description of compensation paid among related parties which are set on a transaction basis or which is charged directly against the plan’s investment and reflected in the net value of the investment.</p> | <p>See Memorandum Section entitled Summary of Principal Terms – “Selling Agents; Commissions”.</p> <p>If your investment was made through a selling agent or similar person, please review your individual arrangement regarding any selling agent</p> |

| | |
|---|---|
| | fees or commissions applicable to your investment. |
| | |
| A description of the compensation Whitebox will receive if you terminate your investment in the Fund (including a description of whether any prepaid fees payable to Whitebox will be refunded, if applicable). | See Memorandum Section entitled Summary of Principal Terms – “Fees and Other Expenses” (noting that the Management Fee is prorated for periods shorter than a full calendar month). |
| | |
| Any compensation that will be charged directly against the amount invested, such as commissions, sales loads, sales charges, deferred sales charges, withdrawal fees, surrender charges, exchange fees, account fees, and purchase fees, and that is not included in the annual operating expenses described below. | See Memorandum Section entitled Summary of Principal Terms – “Withdrawals and Transfers” (for a description of the withdrawal fee applicable to certain withdrawal of capital). |
| | |
| Total annual operating expenses. | <p>See Memorandum Section entitled Fees and Other Expenses.</p> <p>Please also refer to the Fund’s and the Master Fund’s most recently completed audited financial statements. While the expenses and expense ratios may vary depending on, among other things, Fund and the Master Fund size and the various points in the investment, holding, and disposition periods of the Fund and the Master Fund, it is anticipated that Fund and the Master Fund expenses will be similar from year to year, although there can be no assurance in this regard. Updated information regarding operating expenses is provided annually in the Fund’s and the Master Fund’s audited financial statements, which are provided to all investors.</p> |
| | |
| Ongoing expenses in addition to annual operating expenses. | N/A. |